

EXHIBITS

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1	United States Postal Service (USPS) FY2019 Annual Report to Congress
2	Bui, Quoctrung and Margot Sanger-Katz. “Can the Post Office Handle Election Mail? Why the Recession Could Actually Help.” <i>New York Times</i> , Aug. 20, 2020.
3	Postmaster General Louis DeJoy’s Opening Remarks for the USPS Board of Governors Meeting (Aug. 7, 2020)
4	USPS Office of Inspector General (OIG) Audit Report No. 20-225-R20, “Processing Readiness of Election and Political Mail During the 2020 General Elections” (Aug. 31, 2020)
5	Transcript of Senate Homeland Security and Governmental Affairs Committee Hearing on USPS Operations During COVID-19 and the Elections (Aug. 21, 2020)
6	Official USPS 2020 Election Mail – Kit 600
7	USPS State and Local Election Mail – User’s Guide (Publication 632)
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9	Statement of Postmaster General Louis DeJoy Before the House Committee on Oversight and Reform (Aug. 24, 2020)
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11	First-Class Mail Volume Since 1926 Report
12	Statement of Postmaster General and Chief Executive Officer Megan J. Brennan Before the House Committee on Oversight and Reform (Apr. 30, 2019)
13	USPS OIG Audit Report No. 19XG013NO00O-R20, “US. Postal Service’s Processing Network Optimization and Service Impacts” (June 16, 2020)
14	Transcript of House Oversight and Reform Committee on Postal Service Operational Changes Hearing (Aug. 24, 2020)
15	July 29, 2020 USPS Letter

EXHIBIT 1

United States Postal Service FY2019 Annual Report to Congress

FY2019 Annual Report

FY2019 Comprehensive
Statement of Postal Operations

FY2019 Performance Report

FY2020 Performance Plan





An Automated Guided Vehicle (AGV), one of the Postal Service's latest technological mail processing inventions, moves mail in a Processing and Distribution Center.

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A postal worker places parcels on the Small Delivery Unit Sorter (SDUS) machine for processing at the Centreville, VA, Post Office.

Report Structure and Purpose

This document consists of the following four reports:

- The Fiscal Year (FY)¹ 2019 Annual Report, including a statement from the USPS Postmaster General and USPS Board of Governors Chairman on our² operations.
- The FY2019 Comprehensive Statement of Postal Operations.
- The FY2019 Annual Performance Report.
- The FY2020 Annual Performance Plan.

This document's purpose is to provide information to stakeholders. The document fulfills the requirements of the following articles in United States Code Title 39:

- 414(f), on the reporting of financial information related to special postage stamps (p. 8).

- 416(f), on the reporting of information related to semipostal stamps (p. 8).
- 2401(e), on the submission of a Comprehensive Statement (pp. 7–17).
- 2402, on the submission of an Annual Report (pp. 1–6).
- 2803, on the submission of an Annual Performance Plan (pp. 18–35).
- 2804, on the submission of an Annual Performance Report (pp. 18–35).
- 3652(g), on the submission of the Comprehensive Statement, Annual Performance Report and Annual Performance Plan (pp. 7–35).
- 3686(d), on the reporting of executive compensation in excess of Federal Level Executive 1 (p. 17).

¹ All references to a specific year or "the year" refer to the Postal Service fiscal year ending Sept. 30, 2019. However, specific month and year references pertain to the calendar dates.

² The terms "we," "us" and "our" refer to the United States Postal Service.

FY2019 Annual Report

Financial and Operational Highlights

	Totals at Sept. 30, 2019			Percent change	
	FY2019	FY2018	FY2017	FY2019	FY2018
<i>(in millions, except percentages)</i>					
Mail volume	142,570	146,402	149,590	(2.6)%	(2.1)%
Total revenue with investment and interest income	\$ 71,306	\$ 70,783	\$ 69,694	0.7%	1.6%
Total expenses ¹	\$ 80,119	\$ 74,696	\$ 72,436	7.3%	3.1%
Net loss	\$ (8,813)	\$ (3,913)	\$ (2,742)	125.2%	42.7%
Purchases of capital property and equipment	\$ 1,419	\$ 1,409	\$ 1,344	0.7%	4.8%
Debt	\$ 11,000	\$ 13,200	\$ 15,000	(16.7)%	(12.0)%
Capital contributions of U.S. Government	\$ 3,132	\$ 3,132	\$ 3,132	0.0%	0.0%
Deficit since 1971 reorganization	\$ (74,664)	\$ (65,769)	\$ (61,856)	(13.5)%	(6.3)%
Total net deficiency	\$ (71,532)	\$ (62,637)	\$ (58,724)	(14.2)%	(6.7)%
<i>(in actual units indicated, unaudited)</i>					
Number of career employees	496,934	497,157	503,103	(0.04)%	(1.2)%
Number of non-career employees	136,174	137,290	141,021	(0.8)%	(2.6)%
Total delivery points	159,901,312	158,558,256	157,328,676	0.8%	0.8%
New delivery points served	1,343,056	1,229,580	1,234,496	9.2%	(0.4)%

¹ Includes interest expense

Letter from the Postmaster General and USPS Board of Governors Chairman

The United States Postal Service delivers for the American public. With every business, mailbox, and doorstep we visit, we bind the nation together by providing prompt, reliable, and efficient mailing and shipping services.

As you review this report, you will see that the Postal Service is a \$71 billion business structured by Congress. We compete for every customer across each of our product lines. We pay for our operations entirely through the sale of postal products and services and do not receive tax revenues to support our business. If we were a private sector company, the Postal Service would rank 44th in the 2019 Fortune 500.

- We live, work, and serve in every community in America. We operate more than 31,000 Post Offices; 204,274 delivery vehicles, and more than 8,500 pieces of automated processing equipment; and we work with approximately 58,000 retail partners and other access points. On a typical day, our 633,000 employees physically process and deliver 471 million mailpieces to nearly 160 million delivery points. For much of rural America, we are often the only delivery option. We deliver 48 percent of the world's mail volume and more packages to the home than any other business. According to a 2019 survey by the Pew Charitable Trusts, the Postal Service with its 90 percent favorability rating is the best-liked federal government agency.
- We deliver for the American economy. The Postal Service maintains and continually strengthens mail as a powerful marketing and communications channel. By delivering bills, statements, correspondence, catalogs, and a wide range of marketing materials, we connect businesses with American consumers. To companies in nearly every economic sector — including retail, health care, real estate, and financial services — we are a strategic and closely aligned business partner. We are a major part of the nation's financial infrastructure, facilitating millions of transactions daily for virtually every commercial entity in America.

- We are a driver of America's rapidly expanding e-commerce sector. The Postal Service enables retailers and e-tailers — no matter their size or geographical location — to grow their businesses and meet rising consumer delivery expectations. Our unparalleled last-mile resources ensure universal access to online goods and services. Continual product and service innovation and new business solutions for America's shippers have propelled growth in our package revenues and in the broader package shipping sector.
- We are leveraging information and technology to transform the delivery experience. Our new digital offerings — such as Informed Delivery — are powered by an amazing digital infrastructure that processes approximately 3 billion scan records daily and 700,000 images hourly to deliver digital mail content to more than 20 million subscribers while also providing a wealth of real-time information to our customers and employees about the movement of mail through our network.

However, while the Postal Service is a fundamentally strong organization — in terms of the value we deliver to our customers and the role we play in the economy — we are not financially strong. In fiscal year 2019, the Postal Service recorded a net loss of \$8.8 billion.

Revenues continue to be pressured by the ongoing erosion of mail volumes. Because mail services account for nearly 63 percent of our revenues, this ongoing decline puts significant financial strain on the organization. To meet universal service obligations, our network infrastructure costs are largely fixed or are growing as we add approximately 1 million delivery points each year. We are also subject to inflationary pressures and legislative mandates, particularly with regard to employee and retiree benefits.

While aggressive management actions have generated new revenue — principally in an expanding package business — and generated cost savings and productivity gains, the Postal Service's business model is broken and will only produce widening losses in the coming years, absent dramatic changes.

Our problems are serious but solvable. Through legislation, regulatory reforms, and other measures, we can stabilize our financial condition and return the organization to a sustainable business model. Our recent success in supporting negotiations to reform international terminal dues rates within the Universal Postal Union demonstrates that solutions to difficult policy problems can be achieved.

Ahead lies the hard work of reshaping the organization to meet the future needs of the nation. In the coming year, we will work with our stakeholders including Congress, the Administration, the Postal Regulatory Commission, customers, unions, and others to determine the policies and business strategies

necessary to put the Postal Service on a financially sustainable path.

As we do so, we know we must also build upon the strengths of today's Postal Service to ensure that it continues to bind the nation together and serve as an engine of economic growth.

On behalf of the men and women of the Postal Service — who take great pride in serving the nation and our customers reliably, securely, affordably, and universally — we hope you find this report informative and useful.

Thank you for your interest in the United States Postal Service.

A handwritten signature in black ink, appearing to read 'Megan J. Brennan', with a long horizontal line extending to the right.

Megan J. Brennan

Postmaster General and Chief Executive Officer

A handwritten signature in black ink, appearing to read 'Robert M. Duncan', with a long horizontal line extending to the right.

Robert M. Duncan

Chairman, Board of Governors

United States Postal Service Board of Governors

The Board of Governors of the United States Postal Service is comparable to a board of directors of a publicly held corporation. The Board normally consists of up to nine Governors appointed by the President of the United States with the advice and consent of the Senate.

The nine Governors select the Postmaster General, who becomes a member of the Board, and those 10 select the Deputy Postmaster General, who also serves on the Board. The Postmaster General serves at the pleasure of the Governors for an indefinite term, and the Deputy Postmaster General serves at the pleasure of the Governors and the Postmaster General.

As of Sept. 30, 2019, the Board consisted of five appointed Governors, the Postmaster General, and the Deputy Postmaster General.



**Robert M. Duncan,
USPS Board of
Governors Chairman**

Robert M. Duncan's appointment to the Postal Service Board of Governors by President Donald Trump was confirmed by the Senate in August 2018. Duncan, of Kentucky, served

the remainder of a seven-year term that expired on Dec. 8, 2018, and is currently in his hold-over year that expires Dec. 8, 2019. Duncan is nominated to serve another seven-year term expiring Dec. 8, 2025, and awaits Senate confirmation. Duncan was elected chairman of the Board of Governors on Sept. 13, 2018. Duncan served as chairman of the Compensation and Governance Committee and chairman of the Audit and Finance Committee from September 2018 to September 2019.

Duncan is also chairman of the board of trustees at Alice Lloyd College, a private four-year liberal arts college in Pippa Passes, Kentucky, and chairman and CEO of the Inez Deposit Bank in Inez, Kentucky. In 2017, Duncan was named the 17th chairman of the President's Commission on White House Fellowships.

Duncan is a former chairman of the board of directors of the Tennessee Valley Authority and former chairman of the Republican National Committee.



**David C. Williams,
USPS Board of
Governors Vice
Chairman**

David C. Williams' appointment to the Postal Service Board of Governors by President Donald Trump was confirmed by the Senate in August 2018. Williams,

a native of Illinois, is serving the remainder of a seven-year term expiring Dec. 8, 2019. He was elected vice chairman of the Board of Governors on Sept. 13, 2018. Williams was a member of the Audit and Finance Committee from September 2018 to September 2019.

Williams is also a distinguished professor at the Schar School of Government and Policy at George Mason University in Arlington, Virginia and a fellow with the National Academy for Public Administration.

Williams is a former Inspector General of the United States Postal Service and former vice chair of the Government Accountability and Transparency Board.



**John M. Barger,
Governor**

John M. Barger was appointed to the Postal Service Board of Governors by President Donald Trump and was confirmed by the Senate on Aug. 1, 2019. Barger will serve for the remainder of a

term that expires Dec. 8, 2021. Barger is chairman of the Compensation and Governance Committee and a member of the Strategy and Innovation Committee since September 2019.

Barger is also managing director of NorthernCross Partners, an investment and advisory firm, and serves as a director on a number of company boards, including those involved in e-commerce, logistics and supply chain, data analytics, digital visualization, and electronic displays.

Barger served as a board member of the Los Angeles County Employees Retirement Association (LACERA) for seven years, including as chairman of the board of retirement and board of investments.



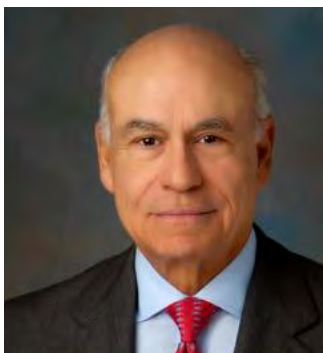
**Ron A. Bloom,
Governor**

Ron A. Bloom was nominated to serve on the Postal Service Board of Governors by President Donald Trump and was confirmed by the Senate on Aug. 1, 2019. Bloom will serve the remainder of a seven-year

term that expires Dec. 8, 2020. Bloom is chairman of the Strategy and Innovation Committee and a member of the Audit and Finance Committee since September 2019.

Bloom is also with Brookfield Asset Management, where he serves as vice chairman and managing partner. As part of his work at Brookfield, he serves on the board of directors of Westinghouse Electric Company and Clarios.

Bloom is a former vice chairman, U.S. Investment Banking, Lazard.



**Roman Martinez IV,
Governor**

Roman Martinez IV was appointed to the Postal Service Board of Governors by President Donald Trump and was confirmed by the Senate on Aug. 1, 2019. Martinez will serve for the remainder of a seven-year

term that expires Dec. 8, 2024. Martinez is chairman of the Audit and Finance Committee and member of the Compensation and Governance Committee since September 2019.

Martinez also serves on the board of directors of Cigna Corporation; on the board of trustees of New York-Presbyterian Hospital; and on the board of overseers of the International Rescue Committee.

Martinez is a former vice chairman of the Investment Advisory Council of the State Board of Administration of Florida and former managing director, Lehman Brothers.



**Megan J. Brennan,
USPS Postmaster
General and Chief
Executive Officer**

Megan J. Brennan is the 74th and the first female Postmaster General of the United States and the Chief Executive Officer of the world's largest postal organization.

Appointed by the Governors of the Postal Service, Brennan began her tenure as Postmaster General in February 2015. In the prior four years, Brennan served as chief operating officer and executive vice president of the Postal Service, and held prior roles as vice president of both Eastern Area and Northeast Area operations. Brennan began her 33-year Postal Service career as a letter carrier in Lancaster, Pennsylvania.

Brennan earned a Master of Business Administration degree as a Sloan Fellow at the Massachusetts Institute of Technology. She is also an alumna of Immaculata College in Pennsylvania.



**Ronald A. Stroman,
USPS Deputy
Postmaster General and
Chief Government
Relations Officer**

Ronald A. Stroman was named the 20th Deputy Postmaster General (DPMG) in March 2011. As the second-highest ranking Postal Service

executive, he serves on the Postal Service Board of Governors and on Postmaster General Megan J. Brennan's Executive Leadership Team.

Stroman had more than 30 years of professional experience in government, legislative affairs, and leadership before becoming DPMG. From 1978 to 1984, he was an attorney with the Department of Housing and Urban Development. He then moved to a position as counsel on the Judiciary Committee of the U.S. House of Representatives. He also worked for the Committee on Government Operations and became a minority staff director and counsel for the House Committee on Oversight and Government Reform.

In 1997, Stroman took a director's position with the U.S. Department of Transportation. In 2001, he joined the General Accounting Office as managing director for the Office of Opportunity and Inclusiveness. He returned to the House in 2009, where he served as staff director, Committee on Oversight and Government Reform, before joining the Postal Service.

Stroman earned his Juris Doctorate from Rutgers University Law Center.



A USPS customer drops off a pre-paid Click-N-Ship package at a Post Office.

FY2019 Comprehensive Statement of Postal Operations

Overview of Postal Service Operations

In accordance with the provisions of the Postal Reorganization Act (PRA), the United States Postal Service began operations July 1, 1971, succeeding the cabinet-level Post Office Department established in 1792. The PRA established us as an “independent establishment of the executive branch of the Government of the United States” with the mandate to offer a “fundamental service” to the nation “at fair and reasonable rates.”

Mission

According to Title 39 of the United States Code, “The United States Postal Service shall be operated as a basic and fundamental service provided to the people by the Government of the United States, authorized by the Constitution, created by an Act of Congress, and supported by its people. The Postal Service shall have as its basic function the obligation to provide postal services to bind the Nation together through the personal, educational, literary, and business correspondence of the people. It shall provide prompt, reliable and efficient services to patrons in all areas and shall render postal services to all communities.”

Services

We fulfill our legal mandate to provide universal services at fair and reasonable prices by offering a variety of postal services to our many customers. Although the Postal Accountability and Enhancement Act (PAEA) classifies our services as Market-Dominant and Competitive “products,” the term “services” is often used in this report for consistency with other descriptions of services we offer. Our services include the following:

- **First-Class Mail.** Services include the delivery of letters, postcards, correspondence, bills or statements of account, and payments.
- **Marketing Mail.** Services include: the delivery of advertisements and marketing packages weighing less than 16 ounces, that are not required to be sent using First-Class Mail.
- **Shipping and Packages.** Services include: First-Class Parcel Service Commercial for high-

volume shippers of packages that weigh less than 16 ounces; First-Class Parcel Service Retail for shipment of boxes, thick envelopes or tubes of 13 ounces or less; Parcel Services for merchandise or printed matter, such as library and media mail; Parcel Select “last-mile” delivery services; Parcel Return; Priority Mail for 1-3 day specified (non-guaranteed) delivery; and Priority Mail Express for an overnight, money-back guaranteed service that includes tracking, proof of delivery, and basic insurance up to \$100.

- **International Mail and Shipping.** Services include Priority Mail Express International and Priority Mail International, which compete in the e-commerce cross-border business with more than 180 countries, and Global Express Guaranteed, which offers reliable, date-certain delivery in 1-3 business days to major markets.
- **Periodicals.** Services include the delivery of newspapers, magazines, and newsletters.
- **Post Office Box, Money Orders, and Other Services.** These domestic and international services include: PO Boxes, which provide customers an additional method for mail delivery that is private and convenient; Money Orders, which offer customers a safe, convenient, and economical method for the remittance of payments; USPS Extra Services, which offer a variety of service enhancements that provide security, proof of delivery or loss recovery (e.g. Certified Mail, Registered Mail, Signature Confirmation, Adult Signature, and insurance up to \$5,000) and are available online, at Post Offices or at Automated Postal Centers (self-service kiosks); and other retail services, including the sale of philatelic products, packaging materials, special occasion cards, and gift cards.

Services are sold at 31,322 Postal Service-managed Post Offices, stations, and branches, plus approximately 3,300 additional Contract Postal Units, Community Post Offices, Village Post Offices, and a large network of commercial outlets that sell stamps and services on our behalf and through our website www.usps.com. Mail deliveries are made to more than 160 million city, rural, PO Box, and highway delivery

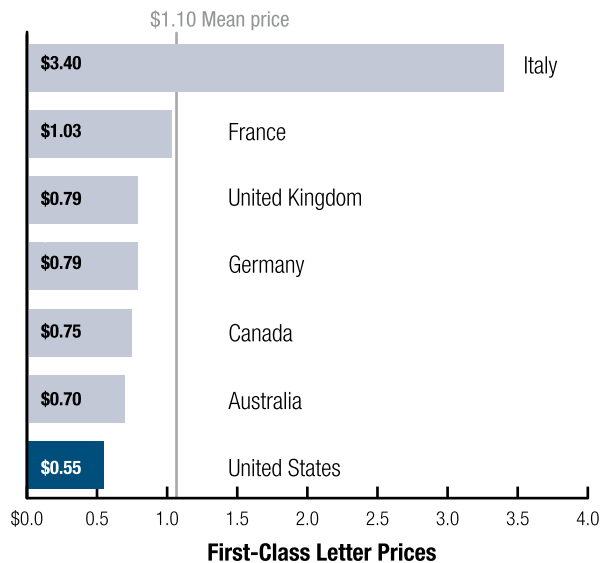
points. We aim to make our retail locations convenient, accessible, and cost-effective through planning and construction of new facilities and renovations of existing facilities.

In fulfilling our universal service obligation, we provide services to patrons in all areas and communities in the United States. We serve rural areas, communities, and small towns where Post Offices are not financially self-sustaining. We use a variety of transportation methods to move mail through this large network, including highway and air transportation.

Postal Rates

Postal rates are established to be fair, equitable and affordable. Prices and fees are reviewed and approved by our Governors and subject to a review process by the Postal Regulatory Commission (PRC). In FY2019, our retail price of \$0.55 for a First-Class Mail 1-ounce stamp continued to be the most affordable postal rate among all posts in industrialized nations.

Global Bargain*



* Postage prices for domestic standard letters are adjusted for Purchasing Power Parity (PPP). Exchange rates are as of May 10, 2019. PPP adjustment from International Monetary Fund is indexed to the U.S. Dollar.

We offer two categories of services, which are classified for regulatory purposes as Market-Dominant services and Competitive services. Market-Dominant services account for approximately 66 percent of our annual operating revenues. Such services include, but are not

limited to, First-Class Mail, Marketing Mail, Periodicals, and certain parcel services. Price increases for these services are currently generally subject to a price cap based on the Consumer Price Index for All Urban Consumers (CPI-U). We implemented price increases on certain Market-Dominant services that averaged 2.5 percent in January 2019, 1.9 percent in January 2018, and 0.9 percent in January 2017.

Competitive services, such as Priority Mail, Priority Mail Express, First-Class Package Service, Parcel Select, Parcel Return Service and some types of International mail, are not limited by a price cap. By law, the price for each Competitive service must cover its “attributable costs” (meaning the Postal Service’s costs attributed to such service through reliably identified causal relationships), and Competitive services collectively must contribute an appropriate share to the institutional costs of the Postal Service, currently 8.8 percent, as determined by the PRC. In general, we attempt to set our prices for Competitive services at rates that maximize revenue. Prices for Competitive services increased an average of 7.4 percent, 4.1 percent, and 3.9 percent in January 2019, January 2018, and January 2017, respectively.

Unlike some other shippers, the Postal Service does not add surcharges for fuel, residential delivery, or regular Saturday or holiday season delivery.

Semipostal Stamps

The U.S. Postal Service has statutory authority to issue and sell semipostal fundraising stamps. Semipostal stamps are postage stamps with a postage value equal to the First-Class Mail single-piece, 1-ounce stamp rate in effect at the time of purchase, plus an amount to fund a designated cause. By law, revenue from sales of semipostal stamps, less the postage paid and the reasonable costs incurred by the Postal Service, is distributed to designated agencies to support the particular cause.

Semipostal stamps may be either congressionally mandated or issued under the discretionary authority granted to the U.S. Postal Service through the Semipostal Authorization Act, Pub. L. 106-253. Under this act, the U.S. Postal Service may issue and sell semipostal fundraising stamps to advance such causes as it considers to be “in the national public interest and appropriate.” The law specifies that the U.S. Postal

Service can issue up to five new semipostal fundraising stamps over a 10-year period, with each stamp to be sold for no more than two years. In November 2017, the *Alzheimer's* semipostal stamp was issued and will be followed by the *Healing PTSD* semipostal stamp to be issued in December 2019.

In FY2019, we sold three semipostal stamps, the congressionally mandated *Breast Cancer Research* semipostal stamp, the congressionally mandated *Save Vanishing Species* semipostal stamp (through Dec. 31, 2018), and the *Alzheimer's* semipostal stamp issued under the U.S. Postal Service's discretionary authority.



The *Breast Cancer Research* semipostal stamp generated approximately \$2.07 million in funds in excess of the postage value in FY2019. We deducted approximately \$5,000 for costs in connection with these stamps in FY2019.

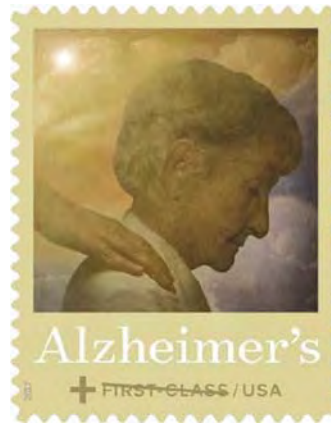
The Postal Service distributed approximately \$1.4 million (70 percent) to the National Institutes of Health within the Department of Health

and Human Services and approximately \$620,000 (30 percent) to the Breast Cancer Research Program within the Department of Defense.



The *Save Vanishing Species* semipostal stamp generated approximately \$307,000 in funds in excess of the postage value in FY2019. This stamp was dedicated Sept. 20, 2011, and removed from sale Dec. 31, 2018, during which a total of

\$5.7 million in funds was raised. We did not deduct any costs in connection with these stamps in FY2019. All of the funds collected in excess of the postage value were given to the U.S. Fish and Wildlife Service to support its Multinational Species Conservation Fund.



The *Alzheimer's* semipostal stamp helps raise funds to fight Alzheimer's disease. In FY2019, the sale of the Alzheimer's stamp generated approximately \$365,000 in funds in excess of the postage value. We did not deduct any costs in connection with these stamps in FY2019. Net proceeds were distributed to the

National Institute on Aging within the U.S. Department of Health and Human Services.

Sustainability

The Postal Service is committed to making a positive impact in the communities and environments in which we serve. We are Putting our Stamp on a Greener Tomorrow by taking sustainable actions throughout our organization and focusing on integrating environmental business practices into our day-to-day operations.

Solar power. A big step in our continued use of solar power is the 10-megawatt solar power generation system at the Los Angeles mail processing facility consisting of nearly 35,000 solar panels. This unique system generates outlease revenue for the Postal Service and also saves future costs by locking in lower rates now. Four more revenue-generating solar installations are planned for 2020.

Hydrogen fuel cells. The Postal Service replaced standard lead acid batteries in powered industrial vehicles (PIVs) at the Washington, D.C., mail processing facility with hydrogen fuel cells. PIVs are used to move mail and equipment throughout USPS facilities. The hydrogen fuel cell technology improves safety and workplace productivity while reducing greenhouse gas emissions.

Recycled materials. Our Priority Mail and Priority Mail Express corrugated cardboard boxes are recyclable and meet Sustainable Forestry Initiative or Forest Stewardship Council Certification standards.

National Recycling Operation. Equipment and recycling operations are standardized to optimize efficiency. Recycling also reduces trash disposal

costs by “right-sizing” trash services as volumes are diverted from landfills to recycling facilities. In addition to cost savings, the National Recycling Operation increases revenue by optimizing the value of recycled items such as mixed paper and corrugated cardboard through consolidation. The program uses our existing transportation network to backhaul recyclables, particularly mixed paper, from our Post Offices to central collection hubs for consolidation. This diverts waste from landfills without using extra fuel for transporting the materials.

Additional information on the Postal Service's sustainability efforts is included in the 2018 Annual Sustainability Report, available at usps.com/green.

Commitment to a Safe and Secure Network to Prevent Illicit Drug Distribution and Delivery

The Postal Service, in conjunction with the Postal Inspection Service, is firmly committed to eliminating the distribution of illicit drugs through the mail and has worked for decades to combat the use of its network to facilitate illicit drug distribution. Through the increased use of technology, sharing of data between USPS and foreign posts, improved interdiction processes and working closely with our partners including the Department of Homeland Security, U.S. Customs and Border Protection, and other federal law enforcement agencies, we will continue to investigate criminal activity and fight the trafficking of illicit drugs.

Public Opinion

Public interest and opinion of our organization remain strong. In a poll released in September 2019, the Pew Research Center found that 90 percent of Americans held a favorable opinion of the Postal Service, a higher rating than any other federal government agency³.

Additionally, an April 2019 Gallup Poll found that three in four Americans (74 percent) rated the job performance of the organization as “excellent” or “good,” placing the United States Postal Service as the highest rated governmental agency⁴. The Postal Service has achieved this top ranking every year Gallup has measured it (2014, 2017, and 2019).

Commitment to Diversity

The Postal Service was ranked the top federal agency for multicultural business opportunities for the eighth consecutive year by Omnikal, a social media and networking organization. The Postal Service received the 2019 Omni50 Award for its efforts to do business with companies led by women and minorities and for supporting opportunities for small businesses and entrepreneurs⁵.

³ *Public Expresses Favorable Views of a Number of Federal Agencies.* (2019, October 1). Retrieved from people-press.org/2019/10/01/public-expresses-favorable-views-of-a-number-of-federal-agencies/

⁴ *Saad, L. (2019, September 4). Postal Service Still Americans' Favorite Federal Agency.* Retrieved from news.gallup.com/poll/257510/postal-service-americans-favorite-federal-agency.aspx.

⁵ *Omni50 Top Government Agencies: USPS: SBA: Defense Dept.* (2019, February 19). Retrieved from omnikal.com/2019/02/announcing-americas-top-25-government-agencies-for-multicultural-business-opportunities-2-2

Key Financial and Operating Statistics

Financial History Summary

(in millions)

	FY2019	FY2018	FY2017
Operating results			
Total revenue ¹	\$ 71,154	\$ 70,660	\$ 69,636
Operating expenses			
Compensation and benefits ²	47,519	46,525	45,634
Retirement benefits ³	6,197	5,877	6,132
Retiree health benefits	4,564	4,481	4,260
Workers' compensation	3,504	4	(797)
Transportation	8,184	7,861	7,238
All other operating expenses	9,911	9,697	9,743
Loss from operations	\$ (8,725)	\$ (3,785)	\$ (2,574)
Investment and interest income (expense), net	(88)	(128)	(168)
Net loss	\$ (8,813)	\$ (3,913)	\$ (2,742)
Financial position			
Cash and cash equivalents ⁴	\$ 8,795	\$ 10,061	\$ 10,513
Property and equipment, net	14,352	14,616	14,891
All other assets	2,486	2,011	1,990
Total assets	\$ 25,633	\$ 26,688	\$ 27,394
Retiree health benefits	\$ 47,205	\$ 42,641	\$ 38,160
Workers' compensation liability	18,529	16,409	17,910
Debt	11,000	13,200	15,000
Retirement benefits	8,385	5,707	3,306
All other liabilities	12,046	11,368	11,742
Total liabilities	\$ 97,165	\$ 89,325	\$ 86,118
Total net deficiency	\$ (71,532)	\$ (62,637)	\$ (58,724)

¹ Includes other non-operating income such as sale of land and buildings, sale of miscellaneous equipment, and sale of motor vehicles.

² Excludes FERS normal costs, amortization of unfunded retirement benefits, retiree health benefits and workers' compensation.

³ Includes FERS normal costs and amortization of unfunded retirement benefits.

⁴ Cash and cash equivalents are unrestricted.

Revenue, Pieces, and Weight Statistics*(in millions of units indicated; FY2019 revenue audited)*

	FY2019	FY2018	FY2017
First-Class Mail ¹			
Revenue	\$ 24,434	\$ 24,948	\$ 25,689
Number of pieces	54,943	56,712	58,834
Weight, pounds	2,780	2,869	2,867
Marketing Mail ²			
Revenue	\$ 16,359	\$ 16,512	\$ 16,626
Number of pieces	75,653	77,270	78,329
Weight, pounds	6,917	7,402	7,577
Shipping and Packages ³			
Revenue	\$ 22,787	\$ 21,467	\$ 19,529
Number of pieces	6,165	6,149	5,758
Weight, pounds	12,693	12,118	10,887
International Mail			
Revenue	\$ 2,466	\$ 2,630	\$ 2,614
Number of pieces	855	941	1,001
Weight, pounds	476	504	501
Periodicals			
Revenue	\$ 1,194	\$ 1,277	\$ 1,375
Number of pieces	4,635	4,994	5,301
Weight, pounds	1,572	1,744	1,922
U.S. Postal Service Mail ⁴			
Number of pieces	285	293	322
Weight, pounds	102	114	106
Free Matter for the Blind ⁵			
Number of pieces	34	43	45
Weight, pounds	12	15	20
Other services – revenue ⁵	\$ 3,896	\$ 3,788	\$ 3,760
Postal Service totals			
Operating revenue	\$ 71,136	\$ 70,622	\$ 69,593
Number of pieces	142,570	146,402	149,590
Weight, pounds	24,552	24,766	23,880

Note: We have reclassified the totals for certain mail categories in prior years to conform to classifications used in the current year.

¹ Excludes First-Class Mail Parcels.

² Excludes Marketing Mail Parcels.

³ See Shipping and Packages and Other Services Statistics table on the following page.

⁴ No revenue is received or recorded for this category of mail.

⁵ By law, the Postal Service is required to offer below-cost postage prices to certain categories of mailers including blind individuals. Congress reimbursed the Postal Service for revenue it had forgone by offering these below-cost postage prices.

Shipping and Packages and Other Services Statistics*(in millions of units indicated; table unaudited)*

	FY2019	FY2018	FY2017
Priority Mail Express			
Revenue	\$ 716	\$ 752	\$ 766
Number of pieces	26	28	30
Weight, pounds	28	30	33
First-Class Packages ¹			
Revenue	\$ 4,466	\$ 3,878	\$ 3,353
Number of pieces	1,398	1,279	1,157
Weight, pounds	532	497	455
Priority Mail ²			
Revenue	\$ 9,730	\$ 9,342	\$ 8,717
Number of pieces	1,097	1,085	1,045
Weight, pounds	2,938	2,837	2,542
Parcel Select Mail and Marketing Mail Parcels			
Revenue	\$ 6,850	\$ 6,451	\$ 5,707
Number of pieces	2,947	3,026	2,837
Weight, pounds	7,716	7,182	6,347
Parcel Return Service Mail			
Revenue	\$ 203	\$ 220	\$ 183
Number of pieces	75	89	69
Weight, pounds	199	229	195
Package Services			
Revenue	\$ 822	\$ 824	\$ 803
Number of pieces	622	642	620
Weight, pounds	1,280	1,343	1,315
Total shipping and packages			
Revenue	\$ 22,787	\$ 21,467	\$ 19,529
Number of pieces	6,165	6,149	5,758
Weight, pounds	12,693	12,118	10,887
Other services			
Certified Mail			
Revenue	\$ 654	\$ 678	\$ 672
Number of articles	187	198	201
Return Receipts			
Revenue	\$ 314	\$ 327	\$ 340
Number of articles	138	144	147
USPS Tracking			
Revenue	\$ 1	\$ 1	\$ 1
Number of articles	5,422	5,338	4,951
PO Box Services revenue	\$ 1,037	\$ 999	\$ 964
Money Orders			
Revenue	\$ 148	\$ 147	\$ 147
Number of articles	81	83	87
Insurance			
Revenue	\$ 78	\$ 79	\$ 74
Number of articles	14	15	15
Shipping and mailing supplies			
Revenue	\$ 107	\$ 109	\$ 109
Number of articles	53	54	55
Miscellaneous other services revenue	\$ 1,557	\$ 1,448	\$ 1,453
Total other services revenue	\$ 3,896	\$ 3,788	\$ 3,760

Note: We have reclassified the totals for certain mail categories in prior years to conform to classifications used in the current year.

¹ Includes First-Class Mail Parcels, First-Class Package Services - Retail, and First-Class Package Services - Commercial.

² USPS Retail Ground (formerly Standard Post) is a non-expedited, retail-only product and is classified as Competitive (as is our expedited Priority Mail service). Even though USPS Retail Ground is priced identically to Priority Mail for Zones 1-4, its service standards are not identical since it is not an expedited service.

Post Offices and Delivery Points*(in actual units indicated, unaudited)*

	FY2019	FY2018	FY2017
Post Offices, stations, and branches			
Postal Service-managed			
Post Offices	26,362	26,365	26,410
Classified stations, branches, and carrier annexes	4,960	4,959	4,967
Total Postal Service-managed	31,322	31,324	31,377
Contract Postal Units	2,175	2,240	2,331
Village Post Offices	667	743	821
Community Post Offices	449	465	476
Total offices, stations, and branches	34,613	34,772	35,005
Residential delivery points			
City	83,739,561	83,279,977	82,855,611
Rural	44,425,454	43,591,733	42,805,252
PO Box	15,985,189	15,960,945	15,954,141
Highway Contract	3,001,015	2,959,424	2,924,386
Total residential delivery	147,151,219	145,792,079	144,539,390
Business delivery points			
City	7,734,259	7,709,827	7,690,284
Rural	1,707,145	1,673,267	1,639,505
PO Box	3,226,893	3,301,930	3,379,418
Highway Contract	81,796	81,153	80,079
Total business delivery	12,750,093	12,766,177	12,789,286
Total delivery points	159,901,312	158,558,256	157,328,676
Change in delivery points	1,343,056	1,229,580	1,234,496

Number of Routes by Type of Delivery*(in actual units indicated, unaudited)*

Route	FY2019	FY2018	FY2017
City	142,672	143,358	143,937
Rural	79,404	78,737	75,433
Highway Contract Route	9,731	9,748	9,810
Total	231,807	231,843	229,180

Postal Vehicle Inventory*(in actual units indicated, unaudited)*

Vehicle type	FY2019	FY2018	FY2017
Delivery and collection (0.5–2.5 tons)	204,274	208,133	205,997
Mail transport (tractors and trailers)	5,481	5,566	5,379
Mail transport (5–11 tons) ¹	3,460	2,389	2,080
Administrative and other	6,925	7,196	7,507
Service (maintenance)	5,858	6,398	7,034
Inspection Service and law enforcement	2,942	2,920	2,942
Total	228,940	232,602	230,939

¹ Previously referred to as Mail transport (3-9 tons)**Real Estate Inventory***(in actual units indicated, unaudited)*

Real estate inventory	FY2019	FY2018	FY2017
Owned properties	8,393	8,362	8,448
Owned interior square feet	193,355,127	192,842,955	191,745,056
Leased properties	23,118	23,147	23,184
Leased interior square feet	79,027,452	79,047,136	78,335,141
GSA ¹ /other government properties	292	294	285
GSA/other government interior square feet	1,792,744	1,797,769	1,839,972

¹ General Services Administration.**Real Estate Inventory Actions***(in actual units indicated, unaudited)*

Real estate inventory actions	FY2019	FY2018	FY2017
Lease actions (alternate quarters, new leases and renewals)	4,410	4,667	3,927
Property disposals ¹	8	14	18
New construction ²	76	77	69
Repair and alteration projects	59,864	58,653	53,694
Repair and alteration expense project totals (in thousands, rounded)	\$ 240,000	\$ 215,000	\$ 217,000
Repair and alteration capital projects	4,428	4,464	4,598
Repair and alteration capital project totals (in thousands, rounded)	\$ 519,000	\$ 483,400	\$ 389,500

¹ Total partial and complete property sales (does not include non-property sales such as right-of-ways/easements, sale of rights, defaults, installment payments, etc.).² Includes the build-out of pre-existing spaces that the Postal Service did not previously own (alternate quarters), the new construction of leased or owned space, and the expansion of existing spaces.

Employees*(actual numbers, unaudited)*

	FY2019	FY2018	FY2017
Headquarters and HQ-related employees			
Headquarters	3,311	3,254	3,252
Headquarters – field support units	3,447	3,491	3,581
Inspection Service – field	2,441	2,389	2,439
Inspector General	1,031	1,029	1,067
Total HQ and HQ-related employees	10,230	10,163	10,339
Field employees			
Area offices	946	899	825
Postmasters/installation heads	13,729	13,742	13,641
Supervisors/managers	25,581	25,590	25,281
Professional administration and technical personnel	4,752	4,672	4,580
Clerks (including nurses)	121,573	121,622	128,256
Mail handlers	36,939	37,535	39,307
City delivery carriers	166,343	168,199	166,569
Motor vehicle operators	8,742	8,411	8,147
Rural delivery carriers – full-time	73,165	70,852	69,462
Building and equipment maintenance personnel	29,751	30,219	31,366
Vehicle maintenance employees	5,183	5,253	5,330
Total field employees	486,704	486,994	492,764
Total career employees	496,934	497,157	503,103
Non-career employees			
Casuals	849	879	922
Postal support employees	26,251	26,386	26,823
Non-bargaining temporary	339	285	304
Rural part-time	58,224	59,183	59,655
Postmaster relief and leave replacements	2,021	2,168	2,368
City carrier assistant	42,121	42,115	44,486
Mail handler assistant	6,369	6,274	6,463
Total non-career employees	136,174	137,290	141,021
Total employees	633,108	634,447	644,124

Executive Compensation

Federal law requires us to provide compensation and benefits to employees at a level comparable to the private sector. We continue to pursue this goal for all of our employees. In addition, we support, develop, and provide a wide range of tools and development resources that assist employees in reaching their full potential.

The Board establishes executive officer compensation and benefits, subject to the requirements and limitations of federal law. Although our governing law provides that executives should be compensated at a level comparable to the private sector, we do not have the resources to achieve this level of compensation. Compensation for our executive officers remains significantly below that of similarly-ranked senior executives in the private sector.

In most circumstances, we cannot compensate our executives more than the rate for Level 1 of the Executive Schedule (\$210,700 in Calendar Year 2018). Under certain programs, we can award bonuses or other rewards, which raise the level of compensation beyond this limit; however, compensation is still limited by federal law.

Performance-based payments for FY2017 were paid in Calendar Year 2018. Performance-based payments were determined when there was only a single Governor appointed by the President and confirmed by the Senate.

In accordance with legal reporting requirements, the accompanying table reports Calendar Year 2018 compensation information, including our executives compensated in excess of Federal Executive Level 1 in Calendar Year 2018 and the amount of bonus or other payments that caused pay to exceed Level 1 of the Executive Schedule in Calendar Year 2018. The terms “bonus or other payment” in the second column of the table are statutory terms that represent various amounts which are part of an executive’s total compensation; these amounts are predicated on the Postal Service’s maintenance of a performance appraisal system that makes meaningful distinctions based on relative performance.

Executive Name	CY2018 Bonus or Other Payment	CY2018 Reportable Earnings in Excess of CAP I
Megan J. Brennan	\$ 80,795	\$ 80,795
Robert Cintron	757	645
Joshua D. Colin	9,983	9,871
Joseph Corbett	49,337	49,337
Guy J. Cottrell	9,589	9,477
Gregory G. Graves	9,609	9,497
Luke T. Grossmann	9,820	6,328
Jeffrey C. Johnson	10,995	10,766
Linda M. Malone	757	645
Thomas J. Marshall	57,566	57,566
Kevin L. McAdams	757	155
Shaun E. Mossman	9,381	9,269
Abelardo P. Munoz Jr.	10,123	7,750
Sharon D. Owens	9,883	7,829
Edward F. Phelan Jr.	8,009	7,897
Tom A. Samra	757	645
Kristin A. Seaver	60,190	60,189
Jacqueline K. Strako	34,382	34,382
Ronald A. Stroman	70,993	70,993
Douglas A. Tulino	9,069	8,957
David E. Williams Jr.	49,268	49,268
Jeffrey C. Williamson	47,277	47,277

Note: Legislation requires reporting compensation in the last full calendar year. This timeframe does not align with our fiscal year, which is from October 1 to September 30.

FY2019 Performance Report and FY2020 Performance Plan

Corporate-Wide Goals and Targets

The Postal Service is a self-supporting, independent federal agency and the only delivery service that reaches every address in the United States. Everyone living in the United States and its territories — regardless of their location — has access to postal products and services and pays the same price for a First-Class postage stamp.

The Postal Service puts information and technology at the center of its business strategies. We are speeding the pace of innovation, developing mobile and digital tools to play a larger role in the daily digital lives of customers, and using one of the world's most advanced tracking and information systems to speed the flow of mail and packages throughout our network. We leverage the information derived from our robust scanning and tracking systems to add value to the senders and receivers of mail and packages — and to create new products and services, spurring growth in the mailing industry.

We continue to play an indispensable role as a driver of commerce and as a provider of delivery services that connects Americans to one another — reliably, affordably, and securely — and to every residential and business address.

To provide reliable, efficient, trusted, and affordable universal delivery service, we established the following four strategic areas of focus:

- Deliver a World-Class Customer Experience
- Equip, Empower, and Engage Employees
- Innovate Faster to Deliver Value
- Invest in our Future Platforms

To assess our efforts in achieving these strategies, we measure our performance through progress against corporate performance outcomes as follows:

- High-Quality Service
- Excellent Customer Experiences

- A Safe Workplace and Engaged Workforce
- Financial Health

For each of these outcomes, the following subsections describe both the outcomes and measures used to assess our progress, provide a report of our performance in FY2019, and give our plan for FY2020, including indicator targets. The following table shows our performance from FY2016-FY2019 and our targets for FY2019-FY2020 for each outcome.

These targets are aligned with the FY2020 Integrated Financial Plan (IFP), which includes our planned revenue and expenses for FY2020⁶. Every fiscal year, we develop a budget and plan intended to be sufficient for our field offices to meet their non-financial performance outcomes. We design all of our corporate-wide targets to be achievable given the planned finances in the IFP.

We measure “Controllable Income (Loss)” as one of our indicators for the outcome “Financial Health.” This measure is based on planned expenditures and revenues for every program activity (i.e., budget item contributing to controllable income [loss]) outlined in the IFP. Controllable income (loss) is a non-GAAP (United States generally accepted accounting principles) measure defined as total revenue less controllable expenses and one-time accounting adjustments. Controllable expenses consist of compensation and benefits; transportation; depreciation; supplies and services; and rent, utilities, and other controllable expenses. They do not include non-controllable expenses, discussed in detail later in this document. In the subsection “Controllable Income (Loss),” we provide the planned revenues and expenditures for FY2020. This plan yields a target controllable loss for FY2020, which is our target for the FY2020 IFP, for the reasons discussed in that subsection.

⁶ The FY2020 IFP information contained in this document will be revised if needed upon approval by the BOG.



A USPS driver stands in front of a USPS truck.

In the day-to-day operation of our business, we focus on costs within our control, such as salaries and transportation. We calculate controllable income (loss) by excluding items we cannot control, such as Postal Service Retiree Health Benefits Fund (PSRHB) actuarial revaluation and amortization expenses, workers' compensation expenses caused by actuarial revaluations and discount rate changes, retirement expenses caused by actuarial revaluations, and adjustments for non-recurring items, such as the 2016

change in accounting estimate for deferred revenue-prepaid postage. Controllable income (loss) should not be considered a substitute for net income (loss) and other GAAP reporting measures.

We developed the budget in the IFP to be consistent with our planned work hours, which are used in the calculation of the targets for the measure "Deliveries per Total Work Hours, Percent Change."

FY2016–FY2019 Results and FY2019–FY2020 Targets for Corporate-wide Performance Outcomes

Corporate Performance Outcome	Measure	FY2020 Target	FY2019 Actual	FY2019 Target	FY2018 Actual	FY2017 Actual	FY2016 Actual
High-Quality Service ¹	Single-Piece First-Class Mail						
	Two-day	96.50	92.05	96.50	93.78	94.72	94.66
	Three-to-five-day	95.25	80.88	95.25	82.48	85.57	83.66
	Presort First-Class Mail						
	Overnight	96.80	95.46	96.80	96.00	96.46	96.16
	Two-day	96.50	94.10	96.50	94.92	95.58	95.05
	Three-to-five-day	95.25	91.95	95.25	91.96	93.16	91.68
	First-Class Mail Letter and Flat Composite (FCLF) ²	96.00	92.02	96.00	92.07	93.29	92.34
Excellent Customer Experiences	Marketing Mail and Periodicals Composite ³	91.80	89.25	91.80	89.26	91.44	90.01
	Customer Experience Composite Index ⁴	75.73	69.04	78.27	67.47	88.30	87.62
	Business Service Network (BSN)	96.73	96.68	96.73	95.90	96.25	95.13
	Point of Sale (POS)	90.42	87.77	90.42	87.98	88.53	86.38
	Delivery	86.33	80.40	86.33	80.47	83.22	76.26
	Customer Care Center (CCC) ⁵	55.00	46.94	55.00	39.19	86.80	85.18
	Enterprise Customer Care (eCC) ⁶	55.00	37.45	70.00	36.73	3.78	5.19
	Large Business Panel	NA	NA	NA	72.34	76.75	75.88
	USPS.com ⁷	72.58	72.94	65.00	57.54	NA	NA
	Business Mail Entry Unit (BMEU) ⁷	96.01	96.00	95.13	95.33	NA	NA
Safe Workplace and Engaged Workforce	Total Accident Rate	15.00	14.19	15.00	15.09	15.43	16.09
	Engagement Survey Response Rate ⁸	51%	38%	51%	42%	46%	30%
Financial Health	Controllable Income (Loss) (\$ in billions)	(4.00) ⁹	(3.42)	(3.10)	(1.95)	(0.81)	0.61
	Deliveries per Total Work Hours, Percent Change	1.50 ⁹	(0.60)	1.40	(0.50)	(0.50)	0.10

Note: NA indicates that either no data was collected or no target was set for the relevant indicator and year.

¹ The Postal Service is providing nonpublic service performance data for certain competitive products as part of the Nonpublic Annex in the Annual Compliance Report proceeding conducted by the Postal Regulatory Commission.

² For our FY2016-FY2019 actuals and FY2019-FY2020 targets, we report the First-Class Mail Letter and Flat (FCLF) Composite in lieu of the First-Class Composite, which we reported in previous Annual Reports to Congress. FCLF Composite does not include First-Class Mail parcels. FCLF Composite numbers are based on the externally-measured quarterly service performance data that we file with the PRC pursuant to Part 3055 of Title 39 of the Code of Federal Regulations; they do not include mitigating factors used internally for compensatory purposes. Additionally, service measurement adjustments altered one previously reported end-of-year actual (FY2017 First-Class Mail Letter and Flat Composite), which is accurately reflected in this table.

³ For our FY2016-FY2019 actuals and FY2019-FY2020 targets, we report the Marketing Mail and Periodicals Composite in lieu of Standard Composite, which we reported in previous Annual Reports to Congress.

⁴ In FY2019, the Customer Experience Composite Index was based on BSN, POS, Delivery, CCC, eCC, USPS.com, and BMEU. Reference the United States Postal Service FY2018 Annual Compliance Review response to question 6d in the Chairman's Information Request No. 2 for historical Customer Experience-related comparability information on the PRC's website: prc.gov/dockets/document/108111

⁵ The FY2019 actual score and FY2020 target are based on satisfaction with both live agents and our Interactive Voice Response telephone system, while the FY2016-FY2018 actuals are based on satisfaction with live agents only.

⁶ The FY2018-FY2019 actual scores and FY2020 target are based on overall customer satisfaction with the resolution quality received and year-to-date overall satisfaction improvement as compared to the same period last year, while the FY2016-FY2017 actuals were based on the percentage of cases that were reopened.

⁷ The USPS.com and BMEU performance indicators were added to the Customer Experience Composite Index in FY2018.

⁸ In FY2016-FY2019 and for the FY2020 target, we used the Postal Pulse survey. For further explanation see page 27.

⁹ The FY2020 IFP information contained in this document will be revised if needed upon approval by the BOG.

High-Quality Service

The Postal Service is committed to “...bind the Nation together through the personal, educational, literary, and business correspondence of the people. [We] shall provide prompt, reliable and efficient services to patrons in all areas and shall render postal services to all communities” (Title 39 CFR). This forms the core of our operations.

To measure our performance relative to our mission, we evaluate our delivery service performance continuously using Service Performance Measurement (SPM). This internal measurement system provides data from the time mail is deposited in a Postal Service facility to when a USPS employee delivers it at a home, business or PO Box.

We operate a highly complex network of distribution and delivery facilities interconnected by multiple modes of transportation across the country. We measure service performance at the product level against specific service standards. The integrated nature of our network and the commingling of products during processing and delivery results in operational performance being reflected across multiple products at the same time and to varying degrees.

Our annual service performance measures are reported as a cumulative score throughout the year and are volume weighted. Service performance during the first half of the year — when mail volume is highest — sets the pace for the remainder of the year.

Below we describe the categories of mail standards that we use to gauge service performance.

Single-Piece First-Class Mail. The measures for Single-Piece First-Class Mail represent the performance of Single-Piece First-Class Mail letters, postcards, and flats throughout the fiscal year. The indicators show the estimated percent of total mail by service standard (two-day and three-to-five-day) that was delivered to customers on time.

Presort First-Class Mail. The measures for Presort First-Class Mail represent the performance of commercial presorted First-Class Mail letters, postcards, and flats delivered throughout the fiscal year. The indicators show the estimated percent of total mail by service standard (overnight, two-day and three-to-five-day) that was delivered on time.

First-Class Mail Letter and Flat Composite. The First-Class Mail Letter and Flat (FCLF) Composite category is the weighted average of the performance of Single-Piece First-Class Mail and Presort First-Class Mail across all service standards, weighted by volume.

Marketing Mail and Periodicals Composite. The Marketing Mail and Periodicals Composite category is a composite indicator of the percent of all Marketing Mail and Periodicals that were delivered within the service standard established during the year. This includes Marketing Mail letters, Marketing Mail flats, and Periodicals. Approximately two-thirds of mail volume in this composite is Marketing Mail letters, while the remainder is Marketing Mail flats and Periodicals.

FY2019 Performance Report

The following table includes both FY2019 Actual Scores and FY2019 Targets for our High Quality Service metrics.

Metric	FY2019 Actual Score	FY2019 Target	Delta (pp ¹)	FY2019 Target (Met/Not Met)
Single-Piece First-Class Mail Two-Day	92.05	96.50	(4.45)	Not Met
Single-Piece First-Class Mail Three-to-Five-Day	80.88	95.25	(14.37)	Not Met
Presort First-Class Mail Overnight	95.46	96.80	(1.34)	Not Met
Presort First-Class Mail Two-day	94.10	96.50	(2.40)	Not Met
Presort First-Class Mail Three-to-Five-Day	91.95	95.25	(3.30)	Not Met
First-Class Mail Letter and Flat Composite	92.02	96.00	(3.98)	Not Met
Marketing Mail and Periodicals Composite	89.25	91.80	(2.55)	Not Met

¹ PP refers to the percentage point difference between FY2019 Actual Scores and FY2019 Targets.

While we did not meet any of the service performance targets in FY2019, service performance scores improved in all mail classes during the third and fourth quarters of FY2019. Some mail classes — such as Marketing Mail — performed at best-ever performance levels for much of the fourth quarter.

During FY2019, natural disasters and industrial incidents negatively disrupted the network and contributed to a lower level of service performance. These disruptions included hurricanes, tropical storms, wildfires, an unusually large number of named winter storm events, toxic spills (e.g. mercury), and a malicious actor that inducted multiple improvised explosive devices into the network.

Aside from unforeseen weather events that impacted our network, our analysis on causes for service failures identified that transportation failures accounted for nearly half of all failures in FY2019. Transportation failures took many forms, including mail that was timely in departing initial processing but did not arrive at the final processing or delivery facility within our established service standards. In other instances, failures were caused by delays by the operator, traffic delays, or mechanical, mis-routing, or missed connections within the transportation network.

Our analysis also revealed that processing failures occurred when processing did not finalize within the service standard in areas such as staffing, operational window, and machine downtime. In other instances, process failures occurred when a product was processed out of first-in, first-out (FIFO) order.

To address processing failures, operational window and machine downtime were identified as areas of focus. We implemented Lean Mail Processing within our processing facilities and developed digital run plan generator systems for daily machine operational plan production cycles. This effort standardized machine scheduling and utilization and provided senior management with additional oversight.

Last-mile or delivery failure was another area that contributed to service failure. Delivery failure occurred when a mail piece was processed on time but delivered after the expected delivery date. To reduce delivery failure, headquarters subject matter experts conducted National Service Reviews of field operations to improve service performance at local levels. We identified deficiencies and communicated with unit, district, and area management with individualized remediation plans. The Delivery Operations team identified issues at the unit level and held district teleconferences with area management to highlight needed improvements at the unit level.

Reference the FY2016–FY2019 Results and FY2019–FY2020 Targets for Corporate-Wide Performance Outcomes table on page 20 for historical performance and FY2020 targets.

FY2020 Performance Plan

In FY2020, all service performance targets will remain the same as in the previous year. As such, each FY2020 metric will be comparable to FY2019 metrics.

We assessed and analyzed our operations in processing, transportation and delivery and developed plans to address service failures. To improve processing, we will continue to use efforts that were implemented in FY2019. We will continue to use digital run plan generator systems for production of daily machine operational plans. In addition, we will use the electronic Mail Condition Visualization tool to provide

improved reporting and management of product on hand to drive cycle time improvement. We will continue to focus on Lean Mail Processing certification efforts within our processing facilities to improve product flow, signage, and layouts throughout facilities to drive efficiencies and ensure FIFO processes.

In September 2019, we created two new vice president positions to increase senior leadership's focus on transportation and mail processing operations. The new Vice President of



The new handheld Mobile Delivery Device (MDD), which will be rolled out nationally in FY2020, provides letter carriers additional operational information to better serve our delivery customers.

Logistics position leads the effort to improve our air and surface transportation network. The new Vice President of Processing and Maintenance Operations will lead processing operations, operations integration and support, international processing operations, and maintenance operations. These duties previously were the responsibility of the Vice President of Network Operations.

In FY2019, transportation accounted for nearly half of all service failures. To address these failures in FY2020, we will redesign our Surface Transportation Center (STC) network, a critical transportation network for more than half of all First-Class Mail volume, to improve product flow within our ground network. The redesign will allow management to optimize network routing, improve ground reach, and eliminate many of our lowest performing trips for all services. These enhancements are expected to primarily improve our three-to-five day services, with more modest improvements for our two-day services. The first milestone in this redesign began with the opening of a new STC in Kansas City, Missouri, on Sept. 23, 2019. The next phases of the STC redesign will occur in the second and third quarters of FY2020 to minimize network disruptions during peak season.

In FY2020, we will continue to identify issues resulting in delivery failures at the unit level. We will achieve this by doing the following:

- Communicating visualizations of Standard Operating Procedures and Standard Work Orders.
- Retraining employees on using SPM to identify defects for remediation.
- Communicating data and root causes through a new analytics visualization tool. The tool enables data to be assembled by a select operational group to reduce cycle time from mail induction to delivery.
- Continue the national level process initiative to replicate best practices from Area and District Lean Six Sigma and Kaizen projects.

Building on our experiences in FY2019 managing weather-related and industrial incident disruptions, we will further refine contingency planning to mitigate and reduce negative impacts to our service. We will launch a new initiative in FY2020 called “Disruptive Events” to identify mail affected by unforeseen events outside of management’s control. This initiative will use data to identify and flag mail pieces impacted by unexpected events, such as weather, outside of the Postal Service’s control. The Disruptive Events program will enable us to more accurately quantify impacts from these events and diagnose service failures.

Reference the FY2016–FY2019 Results and FY2019–FY2020 Targets for Corporate-Wide Performance Outcomes table on page 20 for historical performance and FY2020 targets.

Excellent Customer Experiences

Excellent customer experience is foundational to the Postal Service’s success. To evaluate our customer’s satisfaction with the services we provide, customers are surveyed at every primary interaction point. We refer to these interactions as “touchpoints.” The Customer Experience composite measurement system provides a comprehensive view of the customer experience across the most frequently used postal customer contact channels and is measured as a composite index of component survey scores. The measure — Customer Experience (CX) Composite Index — is comprised of component surveys of each customer touchpoint and measures the aggregate variance of customer satisfaction scores across each touchpoint relative to its respective performance target.

To calculate the FY2019 CX Composite score, we multiply each customer touchpoint score by its respective weighting and sum the total. This total represents the CX Composite score for the year. In previous years, the weighted average of customer satisfaction raw scores was totaled to create the CX Composite Index. This change will enable us to better incent performance improvements appropriate for each touchpoint.

The components of the CX Composite Index are described below:

Business Service Network (BSN) survey. The BSN provides nationwide support to qualified business customers on service issues, information and requests. The BSN survey measures businesses’ overall satisfaction with their BSN account representatives in resolving issues. The national weighting of the BSN score used to calculate the CX Composite Index is 10 percent.

Point of Sale (POS) survey. The POS survey measures customers’ overall satisfaction with their experiences at retail locations. The national weighting of the POS score used to calculate the CX Composite Index is 15 percent.

Delivery survey. The Delivery survey measures the overall satisfaction of residential and small/medium business customers’ delivery experience, including both street addresses and PO Box deliveries. The national weighting of the Delivery score used to calculate the CX Composite Index is 20 percent.

Customer Care Center (CCC) survey. The CCC survey measures customer satisfaction with calls made to customer care centers. The national weighting of the CCC score used to calculate the CX Composite Index is 20 percent.

Enterprise Customer Care (eCC) survey. The eCC survey measures resolution satisfaction of customers who file complaints with the Postal Service. For eCC, we measure overall satisfaction as well as the overall satisfaction improvement rate over same-period-last-year (FY2018). The national weighting of the eCC score used to calculate the CX Composite Index is 20 percent [the overall eCC score is a composite score of the eCC overall satisfaction score (50 percent) and the eCC improvement rate (50 percent) as compared to the same period last year].

USPS.com survey. The USPS.com survey measures customer satisfaction with the USPS website and solicits customer opinion of website elements. The national weighting of the USPS.com score used to calculate the CX Composite Index is 5 percent.

Business Mail Entry Unit (BMEU) survey. The BMEU survey measures commercial mailers' experiences with their overall satisfaction and customer opinion of BMEU employees, the service they received, and suggestions for areas of improvement. The national weighting of the BMEU score used to calculate the CX Composite Index is 10 percent.

All FY2019 Customer Experience metrics will be comparable to FY2020. For historical FY2018-FY2016 Customer Experience-related comparability information, reference the United States Postal Service FY2018 Annual Compliance Review response to question 6d of Chairman's Information Request No. 2⁷.

FY2019 Performance Report

The following table includes both FY2019 Actual Scores and FY2019 Targets for our Excellent Customer Experience metrics.

Metric	FY2019 Actual Score	FY2019 Target	Delta (pp)	FY2019 Target (Met/Not Met)
CX Composite Index	69.04	78.27	(9.23)	Not Met
BSN	96.68	96.73	(0.05)	Not Met
POS	87.77	90.42	(2.65)	Not Met
Delivery	80.40	86.33	(5.93)	Not Met
CCC	46.94	55.00	(8.06)	Not Met
eCC	37.45	70.00	(32.55)	Not Met
USPS.com	72.94	65.00	7.94	Met
BMEU	96.00	95.13	0.87	Met

In FY2019, we noted an improvement in our overall CX Composite Score (69.04 percent) from FY2018 (67.47 percent) and improvements in five of our seven CX touchpoint scores, but still did not meet our composite score target of 78.27 percent.

We continued to evolve and improve our measurement, reporting and evaluation of our customers' experiences with our organization in FY2019. We identified additional opportunities to assess improvements in customer experience and modified our measures to better reflect customer satisfaction improvements made throughout the fiscal year (e.g. the addition of the eCC improvement rate). Additionally, we evaluated each existing survey for effectiveness in both delivery to the broadest surveyed representation and measurement of overall customer satisfaction.

USPS.com and BMEU met their FY2019 targets. BSN, POS, Delivery, CCC, and eCC did not achieve their respective FY2019 targets. Of these five components, the two primary contributors for missing the overall CX Composite score target were the eCC and CCC metrics because the composite score is a weighted average of all seven metrics. Of note, the CCC score achieved in FY2019 noted dramatic improvements over the previous fiscal year.

The following sections address FY2019 actual scores, FY2019 targets, accomplishments achieved throughout the year, and other related information for each CX touchpoint metric.

BSN survey. In FY2019, we achieved a score of 96.68 percent, slightly lower than our target of 96.73 percent. BSN customers identified issue resolution as their primary issue. In FY2019, we expanded the follow-up process for all Areas and Districts to ensure customers are satisfied with the issue resolution process. To drive employee

⁷ prc.gov/dockets/document/108111



A USPS letter carrier stands in front of a ProMaster 2500 vehicle.

engagement, we recognized BSN representatives who regularly demonstrated behaviors that influence a positive customer experience.

POS survey. In FY2019, we achieved a score of 87.77 percent, lower than our target of 90.42 percent. We did not meet our fiscal year target largely due to longer than expected customer wait times in line.

Throughout the fiscal year, we deployed Sales and Services Associate (SSA) training to improve SSAs' knowledge of products and services and to understand and apply CX best practices.

Delivery survey. In FY2019, we achieved a score of 80.40 percent, lower than our target of 86.33 percent. Our underperformance relative to the FY2019 target was due to delivery accuracy and unclear package pickup locations. Additional service disruptions including weather, fire, and natural disasters throughout the year adversely impacted our ability to deliver high-quality service.

CCC survey. In FY2019, we achieved a score of 46.94 percent, lower than our target of 55.00 percent. The primary root causes identified by customers were wait times before speaking to a USPS representative and the inability to resolve their issues at first contact with the CCC.

While the CCC actual score did not meet its FY2019 target, performance increased by 20 percentage points in overall satisfaction from the first month of the year to the last month of the year. To achieve this improvement, the Postal Service focused on bettering operational performance, which reduced the need for customers to

contact the CCC. Additionally, the CCC provided better self-service options and shortened wait times in line.

eCC survey. In FY2019, we achieved a score of 37.45 percent, considerably lower than our target of 70.00 percent. The primary reasons customers cited were that their issues were not adequately resolved and that they were not contacted quickly by case managers.

To help resolve these issues throughout the fiscal year, we trained more than 70,000 employees and rolled out a state-of-the-art customer relationship management system. The new system simplifies the case management process by providing field operations with a one-stop solution to resolve customer issues.

USPS.com survey. In FY2019, we achieved a score of 72.94 percent, exceeding our target of 65 percent. To address customer concerns and improve the customer digital experience, we implemented a series of redesigns for important USPS.com web pages including the Home, Help, FAQs, and Missing Mail web pages to provide users with new interfaces and improved functionality. Further, we implemented enhancements to the USPS.com search function to improve our customers' ability to find relevant information online.

BMEU survey. In FY2019, we achieved a score of 96.00 percent, exceeding our target of 95.13 percent. Customers cited issue resolution and positive employee attitudes as the two primary drivers of satisfaction. To drive improvement throughout the year, we identified opportunities for coaching, mentoring and training to ensure our employees had the appropriate resources

to meet our customers' needs. As an example, we provided bi-weekly training on issue resolution that enabled our employees to deliver superior issue resolution performance. We improved our performance monitoring system and enhanced awareness of BMEU satisfaction with area management.

FY2020 Performance Plan

In FY2020, delivering excellent customer experiences across multiple channels will continue to be a priority for the United States Postal Service. This includes improving the way we engage with customers, making it easier for our employees to deliver excellent customer services, and enhancing how we measure customer experiences. Across all channels, we will strive to increasingly provide all customers with the experience they want.

In FY2020, we will include the same touchpoints as the FY2019 CX Composite Index and their weighted values in the Index.

We will continue to emphasize our commitment to improve our customers' experiences. Customer experience will remain a strategic initiative. We will emphasize leadership's commitment to improve customer experience and coordinate organizational efforts to improve both the customer experience itself and the organization's measurement of customer experience.

We believe that having the broadest representation possible of our customers is important. Consequently, we are expanding our survey respondent pool. Specifically, the Delivery experience survey will be fielded to a larger sample and, to improve response rate, customers will now be able to provide feedback both online and through physical channels. These changes will provide more actionable data, which will allow our employees to improve delivery service.

We plan to improve our ability to empower our workforce to prevent undesirable customer experiences in FY2020 by providing enhanced tools and data on customer data, and better training and support to our employees across the organization.

Reference the FY2016–FY2019 Results and FY2019–FY2020 Targets for Corporate-Wide Performance Outcomes table on page 20 for historical performance and FY2020 targets.

Safe Workplace and Engaged Workforce

Employee Safety

Employee safety is a top priority for the Postal Service. For the fifth consecutive year, we reduced total accidents. Prevention is the guiding principle for occupational safety and health legislation and the underlying philosophy of the USPS Safety Program. To avoid accidents and occupational diseases, we have adopted standard requirements for safety and health protection at the workplace and have established compliance protocols to ensure effective implementation.

Risk assessment and management are fundamental to preventing and controlling risks to safety and health in the workplace. This includes accounting for all relevant risks, checking the efficiency of the safety measures adopted, documenting the outcomes of the assessment, and reviewing and updating the assessment regularly.

Our safety performance is measured by using a total accident rate metric. The total accident rate is calculated by multiplying the total number of accidents for the year by the approximate number of annual work hours per employee (2,000), multiplied by 100. This number is then divided by the annual number of exposure hours. The total accident rate formula is:

$$\frac{\text{Total Number of Accidents} \times 200,000}{\text{Exposure Hours}}$$

Exposure Hours

This rate uses the same calculation developed by the Occupational Safety and Health Administration (OSHA) for OSHA Illness and Injury (I&I) rates but expands it to include accidents that do not result in medical expenses, days away from work, or restrictions from performing full duty. Using the total accident rate is an industry best practice that enables us to design targeted prevention strategies to eliminate accidents and reduce the severity of impact on both the employee and the organization.

FY2019 Performance Report

In FY2019, our total accident rate was 14.19, which was better than our target of 15.00. Total accidents for FY2019 decreased more than 7.2 percent compared with FY2018. The following table includes both FY2019 Actual Scores and FY2019 Targets for our corporate safety metric.

Metric	FY2019 Actual Score	FY2019 Target	Delta	FY2019 Target (Met/ Not Met)
Total Accident Rate	14.19	15.00	(0.81)	Met

We were able to meet our FY2019 target by launching a Safety Intervention and Recognition program that tracked district-level performance each month. Any district identified as having a high accident rate or showing a trend toward an increasing accident rate was targeted for intervention. The program required the district to create an action plan that identified root cause(s) and implement activities to mitigate the hazards associated with these accidents. Proactive leadership engagement resulted in a safer work environment.

In FY2019, the Postal Service implemented a new safety database, the Informed Mobility Safety Observation Tool, that automated data and response input from safety-related workplace observations. Previous observations were recorded on paper and led to unsafe behaviors being overlooked or unaddressed. The implementation of the automated quality safety observations helped prevent accidents in FY2019.

The table below shows accidents by type in FY2019 and FY2018⁸.

Accident Count by Type

Accident Type	FY2019	FY2018	Percent Change
OSHA I&I	29,214	32,779	(10.88)%
Non-Recordable	53,464	56,392	(5.2)%
Motor Vehicle ¹	28,790	30,017	(4.09)%
Total	82,678	89,171	(7.28)%

¹ Motor vehicle accidents are included in both the OSHA I&I and non-recordable accident counts.

FY2020 Performance Plan

The FY2020 target for the total accident rate is 15.00. To achieve this, the Postal Service will continue to focus on prevention and a proactive approach to safety through efforts designed to address the most frequent hazards of the workplace such as dog bites, extreme weather, distracted driving, and slip, trip, and fall injuries.

⁸ FY2018 accident counts by type differ from the FY2018 Annual Report to Congress due to either coding changes or additional claims being submitted after Sept. 30, 2018 (the end of FY2018).

We will also focus on the importance of leadership, tools, and awareness training in maintaining a culture of safety. Improved tools will be released for field leadership to analyze and forecast their accident trends to implement proactive efforts at the earliest time possible. Early intervention within our processing facilities and Post Offices will allow us to establish effective accident reduction action plans with the cooperation and support of our employees.

We will also leverage delivery management systems to get a better understanding of motor vehicle accident risks, such as unsafe behaviors and dangerous roads. In FY2020, we will roll out a national slip, trip, and fall campaign designed to increase awareness of these hazards and enlist the support of our customers in preventing these types of accidents.

Reference the FY2016–FY2019 Results and FY2019–FY2020 Targets for Corporate-Wide Performance Outcomes table on page 20 for historical performance and FY2020 targets.

Employee Engagement

The Postal Service aims to provide employees with an engaged workplace, one in which teams, individuals, and leaders thrive and perform at high levels. Research shows that higher levels of employee engagement correlate to healthier work environments, successful teams, and positive business outcomes for organizations.

To measure the level of engagement at the Postal Service, the organization administers the Postal Pulse survey. This 13-question instrument developed by Gallup, Inc., is administered annually to all employees. Postal Pulse results identify a grand mean score, along with the survey response rates, which serve as our corporate measure of progress.

The grand mean score assesses overall engagement levels of surveyed respondents. The survey response rate identifies the level of participation of all potential respondents during each survey administration.

FY2019 Performance Report

In FY2019, the Postal Pulse survey response rate was 38 percent, which was lower than our FY2019 target of 51 percent. The following table includes both FY2019 Actual Scores and FY2019 Targets for our corporate Employee Engagement metric.

Metric	FY2019 Actual Score	FY2019 Target	Delta (pp)	FY2019 Target (Met/ Not Met)
Engagement Survey Response Rate	38%	51%	(13)	Not Met

Our FY2019 response rate was directly related to employees' perception of local improvements made during the fiscal year based on feedback received during the previous Postal Pulse survey administration. To increase local improvements during the next administration period, coaching efforts have been provided to employees in leadership roles who influence the greatest number of employees. Mid-level management coaching was offered in FY2019 as a key way to develop leader and employee relationships.

In FY2019, the grand mean score (3.36) improved from FY2018 (3.34). Both the grand mean score and the percentage of engaged employees have increased each year since survey inception in 2015. Based on the increase in grand mean performance, USPS employees who respond continued to see overall improvements in the workplace environment.

The continued training of Postal Service leaders, through the instructor-led "Creating an Engaging Workplace at USPS" training, has resulted in more than 49,000 leaders completing the course over the past two years. Further outreach to bargaining unit leaders resulted in the creation of "Engagement Matters," a training course designed for bargaining unit employees who have the responsibility for leading other bargaining unit employees.

To continue offering employees additional avenues to share workplace comments, the FY2019 Postal Pulse survey administration included a direct response comment box which asked employees what one action they believe would improve their work environment. Almost 50 percent of employees who responded to the Postal Pulse survey included comments in their response. These comments were aggregated and shared with USPS leaders to directly influence workplace improvements starting at the highest level of the organization.

FY2020 Performance Plan

Although we did not meet our Postal Pulse Engagement Response target of 51 percent in FY2019, our aggressive response target in FY2020 will remain the same (51 percent). We believe that more

responses will be received if employees understand the importance of providing feedback. In FY2020 we will continue to improve our communication efforts, highlighting the importance of employee participation. We will provide Postal Service employees with the training and tools necessary to best identify, assess, and address engagement strengths and areas of opportunity specific to their local work environments.

In addition, we will continue to showcase success stories by recognizing our Engagement Leaders of the Year (awarded to non-bargaining unit leaders), Engagement Most Valuable Players (awarded to bargaining unit employees), and newly created Engagement Cross-Functional Teams (awarded to teams that have employed engagement in completing team projects). We will build stronger environments by providing active one-on-one engagement coaching, publishing a weekly newsletter with tips and articles on workplace best practices, and striving to increase engagement awareness across the Postal Service.

Further, new efforts in FY2020 will utilize pilot programs to provide greater opportunities for open communication and feedback. We will partner with Operations to increase the number of engaged employees and thus positively affect our customers' experiences. We will re-institute the Engagement Champion Network, which will provide additional insight from 1,000 engagement partners, who will engage internally with local teams and all USPS employees.

Reference the FY2016–FY2019 Results and FY2019–FY2020 Targets for Corporate-Wide Performance Outcomes table on page 20 for historical performance and FY2020 targets.

Financial Health

Several factors affected the Postal Service's FY2019 financial results, including: overall customer demand; the changing mix of postal services and contributions associated with those services; fluctuating volumes of mail and packages processed through our network; our ability to manage our cost structure in line with declining volume; growth in legacy retirement and retiree health benefit costs; and an increase in the number of delivery points.

First-Class Mail and Marketing Mail continued to provide the majority of our operating revenue in FY2019. As a percentage of operating revenue, First-

Class Mail and Marketing Mail combined represented 57.3 percent, 58.7 percent, and 60.8 percent for the years ended Sept. 30, 2019, 2018, and 2017, respectively. Combined First-Class Mail and Marketing Mail volume represented 91.6 percent, 91.5 percent, and 91.7 percent in FY2019, FY2018, and FY2017, respectively.

While we continue to experience strong results in our Shipping and Packages business, it represented 32 percent of our operating revenue for the year ended Sept. 30, 2019, compared to First-Class Mail, which represented 34.3 percent. Further, our Shipping and Package business generated 4.3 percent of our volume for the year ended Sept. 30, 2019.

Although revenue and volume are closely linked to the strength of the U.S. economy and customer utilization of the mail, we have proactively targeted opportunities to grow our business. We continue to focus on our customers' needs and have increased our investment in mail and package innovation. However, we also recognize that revenue growth is constrained by laws and regulations restricting the types of products, services, and pricing we may offer to our customers, and the speed with which we can bring new products to market.

We anticipate that the volume of First-Class Mail will continue to decline in future years with the ongoing migration to electronic communication and transactional alternatives resulting from technological changes. To address the long-term trend that such changes have had on our First-Class Mail revenue and volume, we have focused on providing new services and innovations with Marketing Mail. We have expanded service offerings, such as Informed Delivery, which enables customers to preview mail and packages scheduled to arrive as a means of merging digital and physical mail.

With our Shipping and Packages business, we have focused on growing e-commerce and implementing marketing campaigns to increase business. By offering day-specific delivery, improved tracking, text alerts, and up to \$50 of free insurance on most Priority Mail packages, we have demonstrated our responsiveness to our customers.

In FY2019 and years prior, we implemented price increases on various Market-Dominant and Competitive services to remain competitive within the industry.

However, these price increases have not fully offset our losses due to overall mail volume decline.

Controllable Income (Loss)

As noted in prior years, our financial results remain significantly affected by expenses that are not reflective of our operational decisions and are subject to large fluctuations outside our control. We use controllable income (loss), rather than net income (loss), to assess our financial performance as net income includes the effect of factors (such as interest rate changes) that cannot be controlled or influenced by management.

Non-Controllable Expenses

Non-controllable expenses include: revaluations of the Postal Service Retiree Health Benefits Fund (PSRHBF) normal cost by the Office of Personnel Management (OPM); the amortization of our unfunded PSRHBF liabilities; the amortization of our unfunded liabilities for our participation in the Federal Employees Retirement System (FERS) and Civil Service Retirement System (CSRS); the 2016 change in accounting estimate of deferred revenue — prepaid postage liability for Forever stamps; and non-cash expenses related to changes in our liability for participation in the federal workers' compensation program. We exclude these items from the calculation of controllable income (loss).

Fluctuations in these expenses are caused by changes in actuarial assumptions, such as interest and inflation rates, and employee and retiree demographics. We can only marginally influence these expenses over the long term by changing the number of employees or compensation rates, but this effect is very small and gradual compared to the effect of external factors. For example, a 1 percent increase in the discount rate would cause a decrease in the Sept. 30, 2019, workers' compensation liability and related expense by approximately \$2.0 billion. Similarly, a 1 percent decrease in the discount rate would cause an increase in the Sept. 30, 2019, workers' compensation liability and related expense by approximately \$2.5 billion.

The following table includes revenue, controllable income (loss), and net income (loss) and shows planned revenues and expenses by category for FY2019 and FY2020, as well as actual data for FY2016-FY2018.

Revenue and Expenses*(in billions, unaudited¹)*

	FY2020 Plan (IFP)²	FY2019 Actual	Actual vs Plan	FY2019 Plan (IFP)	FY2018 Actual	FY2017 Actual	FY2016 Actual
First-Class Mail	24.4	24.4	0.2	24.2	25.0	25.7	26.6
Marketing Mail	16.0	16.4	(0.4)	16.8	16.5	16.6	17.6
Shipping and Packages	23.6	22.8	(0.3)	23.1	21.5	19.5	17.3
International	2.4	2.5	(0.4)	2.9	2.6	2.6	2.7
Periodicals	1.2	1.2	0.0	1.2	1.3	1.4	1.5
Other ³	4.2	4.0	0.1	3.9	3.9	3.9	3.7
Revenue	71.8	71.3	(0.8)	72.1	70.8	69.7	69.4
Temporary Exigent Surcharge	0.0	0.0	0.0	0.0	0.0	0.0	1.1
Total Revenue	71.8	71.3	(0.8)	72.1	70.8	69.7	70.5
Salaries and Benefits ⁴	49.3	48.9	(0.1)	49.0	47.9	47.0	49.8
FERS Normal Cost	3.8	3.5	0.0	3.5	3.5	3.5	3.4
PSRHBf Normal Cost ⁵	4.0	4.0	0.0	4.0	3.7	2.8	0.0
Transportation	8.5	8.2	(0.1)	8.3	7.9	7.2	7.0
Depreciation	1.7	1.7	0.0	1.7	1.7	1.7	1.7
Supplies and Services	2.8	2.8	(0.2)	3.0	3.0	3.0	2.8
Rent, Utilities, and Other ⁶	5.7	5.6	(0.1)	5.7	5.3	5.3	5.2
Controllable Expenses	75.8	74.7	(0.5)	75.2	72.8	70.5	69.9
Controllable Income (Loss)	(4.0)	(3.4)	(0.3)	(3.1)	(2.0)	(0.8)	0.6
PSRHBf Pre-Funding	0.0	0.0	0.0	0.0	0.0	0.0	(5.8)
PSRHBf Normal Cost Actuarial Revaluation and Amortization ⁵	0.0	0.2	0.2	0.0	(0.1)	(0.5)	0.0
PSRHBf Unfunded Liability Amortization	(0.9)	(0.8)	0.3	(1.1)	(0.8)	(1.0)	0.0
FERS Unfunded Liability Amortization	(1.1)	(1.1)	(0.1)	(1.0)	(1.0)	(0.9)	(0.2)
CSRS Unfunded Liability Amortization	(1.6)	(1.6)	(0.2)	(1.4)	(1.4)	(1.7)	0.0
Workers' Comp. Fair Value and Other Non-Cash Adjustments	0.0	(2.1)	(2.1)	0.0	1.4	2.2	(1.3)
Deferred Revenue - Prepaid Postage Change in Estimate ⁷	0.0	0.0	0.0	0.0	0.0	0.0	1.1
Non-Controllable Items	(3.6)	(5.4)	(1.9)	(3.5)	(1.9)	(1.9)	(6.2)
Net Income (Loss)	(7.6)	(8.8)	(2.2)	(6.6)	(3.9)	(2.7)	(5.6)

¹ Due to rounding, numbers presented throughout this table may not add up precisely to totals provided elsewhere in this report and percentages may not precisely reflect the absolute figures.

² The FY2020 IFP information contained in this document will be revised if needed upon approval by the BOG.

³ Includes investment and interest income, gain, or loss on sale and income from the outlease of property.

⁴ Previously labeled "Compensation and Benefits" in FY2018 Annual Report to Congress and included FERS Normal Cost. Excludes PSRHBf pre-funding, normal cost, amortization, and actuarial revaluation; non-cash adjustments to workers' compensation liabilities; and FERS and CSRS unfunded liabilities amortization, which are excluded from controllable expenses. Includes PSRHBf premiums (FY2016) and workers' compensation cash expenses.

⁵ Total PSRHBf expense in FY2019 was \$3.8 billion which includes a \$0.2 billion non-controllable benefit. PSRHBf normal cost in FY2018 was \$3.7 billion, which includes a \$0.1 billion non-controllable expense.

⁶ Includes interest expense.

⁷ During FY2016, we revised the methodology used to estimate our deferred revenue - prepaid postage liability for Forever stamps. As a result, deferred revenue - prepaid postage was decreased by nearly \$1.1 billion. In accordance with accounting principles generally accepted in the United States (GAAP), the change was accounted for as a change in accounting estimate.

FY2019 Performance Report

In FY2019, the Controllable Income (Loss) was \$(3.42) billion, which was greater than our FY2019 target of \$(3.10) billion. The following table includes both FY2019 Actual Score and FY2019 Target for our Controllable Income (Loss) metric.

Metric	FY2019 Actual Score	FY2019 Target	Delta	FY2019 Target (Met/ Not Met)
Controllable Income (Loss) (\$ in billions)	\$(3.42)	\$(3.10)	\$(0.32)	Not Met

The major factors that affected our controllable loss include overall customer demand, the mix of postal services and contribution associated with those services, volume of mail and packages processed through our network, and our ability to manage our cost structure in line with declining volume levels, an increasing number of delivery points, and legacy costs for retirement and retiree health benefits. We operate as a single segment and report our performance as such.

In FY2019, our total revenue, including interest and investment income was \$71.3 billion and total expenses, including interest expense, were \$80.1 billion, resulting in a net loss of \$8.8 billion. This was \$2.2 billion more than the \$6.6 billion net loss planned in the FY2019 IFP. The higher-than-anticipated net loss was primarily due to \$2.1 billion of unfavorable non-cash adjustments to our workers' compensation liability, primarily arising from lower interest (discount) rates and lower-than-expected revenue, partially offset by non-personnel expense savings.

Revenue. Revenue includes: funds received from the sale of postage, mailing and shipping services; passports; PO Box rentals; gain or loss on sale and income from the outlease of property; and interest and investment income. Our FY2019 total revenue of \$71.3 billion was \$0.8 billion less than planned, largely due to lower-than-expected Marketing Mail, International Mail and package volumes.

First-Class Mail primarily consists of single-piece and presort letters and postcards. Revenue from First-Class Mail was \$24.4 billion, \$0.2 billion above plan, mainly due to higher-than-expected presort letters and postcards volume.

Marketing Mail consists of mail that we do not require customers to mail as First-Class or Periodicals and may include advertising, newsletters, catalogs, small

marketing parcels, and other printed matter. Revenue from Marketing Mail was \$16.4 billion, \$0.4 billion below the planned amount, primarily due to lower-than-expected volume.

Shipping and Packages consist largely of Competitive services that can be priced to reflect current market conditions. These include Priority Mail and Priority Mail Express, business-oriented services such as Parcel Select and Parcel Return, First-Class Mail parcels, and certain other package delivery services detailed in the Overview of Postal Operations section. Revenue from Shipping and Packages was \$22.8 billion, \$0.3 billion below our planned amount, primarily due to lower-than-expected Parcel Select and Parcel Return volumes.

International Mail includes services that enable customers, both domestic and abroad, to send international mail and packages, with either standard or express delivery options. The majority of our International Mail revenue is generated from outbound services that allow customers in the U.S. to send mail and packages to other countries. Revenue from International Mail was \$2.5 billion, \$0.4 billion below our plan.

Periodicals mail is comprised primarily of newspapers, magazines, and other periodical publications whose primary purpose is transmitting information to an established list of subscribers or requesters. Revenue from Periodicals was \$1.2 billion, in line with our plan. Continued decline in hard-copy reading and advertising shifts away from print have depressed this segment for several years.

Other revenue includes ancillary services, such as Certified Mail, PO Box services, Return Receipt services, and money order and passport services. Other revenue was \$4.0 billion, \$0.1 billion higher than our FY2019 plan.

Controllable Expenses. Our ability to affect the amount of controllable expenses is limited by various legal requirements, including our universal service obligation, our collective bargaining agreements, and our obligation to participate in federal benefits programs. This section describes the various categories of controllable expenses and their performance in FY2019.

Salaries and benefits expenses include salaries, employee health benefit expenses for our active employees, and workers' compensation cash outlays. These expenses were \$48.9 billion, \$0.1 billion less than our FY2019 plan.

FERS normal cost expense is the expense we incur to fund retirement benefits for our active employees. Our normal cost of \$3.5 billion was in line with our planned amount.

PSRHBF normal cost expense is the expense we incur to fund retirement health benefits for our active employees. Our normal cost of \$3.8 billion was \$0.2 billion below our planned amount; however, this difference is considered a non-controllable benefit, as it is the result of differences between amounts forecast by OPM and its financial calculation, due to actuarial and experience differences. The controllable portion of PSRHBF normal costs, \$4.0 billion, was in line with the plan.

Transportation expenses include the contractual costs we incur to transport mail and other products between our facilities, including highway, air and international transportation contracts, plus contract delivery services. Transportation expenses do not include the compensation and benefits of employees responsible for transporting mail and other products between our facilities or to delivery points. The non-personnel costs of transportation to delivery points, excluding contract delivery services, are included in rent, utilities, and other expenses. Total transportation expenses were \$8.2 billion, \$0.1 billion less than our FY2019 plan.

Depreciation expense allocates the cost of long-lived assets to the periods in which they are used. These assets include items such as buildings, equipment, vehicles, leasehold improvements, and capitalized software. Depreciation expense was \$1.7 billion, in line with our IFP estimate.

Supplies and services expenses include minor equipment, spare parts, furniture, services, cost of sales, and office supplies. Supplies and services expenses in FY2019 were \$2.8 billion, \$0.2 billion below our plan, largely due to expense control measures.

Rent, utilities, and other expenses include the cost of leasing buildings, utilities, building repairs and alterations, vehicle fuel, information technology, interest expense, and all other miscellaneous items. These items collectively cost \$5.6 billion, which was \$0.1 billion below our plan, primarily due to lower-than-expected information technology expenses.

FY2020 Performance Plan⁹

In FY2020, we anticipate a \$4.0 billion controllable loss, in which revenue growth of \$0.5 billion is not enough to offset inflationary and contractual cost increases, an anticipated increase in the FERS normal cost, and modest inflationary growth in non-personnel expenses.

Revenue. Revenue is planned to increase by \$0.5 billion compared to FY2019. This increase is expected to be driven primarily by increases in Shipping and Packages. First-Class Mail revenue is estimated to remain flat. Marketing Mail revenue is estimated to decrease by \$0.4 billion, as we expect the CPI-U price increase to only partially offset a decrease in volume. Shipping and Packages revenue is estimated to increase by \$0.8 billion, mainly because of price increases. International revenue is estimated to decrease \$0.2 billion due to lower volumes. Periodicals revenue is estimated to remain flat as electronic content continues to grow in popularity. Other revenue is estimated to increase by about \$0.2 billion.

Controllable Expenses. Salaries and benefits expenses are planned to increase by \$0.4 billion in FY2020, due to wage increases resulting from anticipated contractual general increases and cost-of-living adjustments. FERS normal cost expense is planned to increase by \$0.3 billion over the FY2019 controllable amount, in line with the increased employer compensation rate required by OPM. Transportation expenses are estimated to increase by \$0.3 billion, largely due to inflationary pressures and expenditures to improve service to destinations outside of the continental United States. Depreciation expense is expected to remain flat. Supplies and services expenses are expected to remain flat. Rent, utilities, and other expenses are estimated to increase by \$0.1 billion due to normal inflationary pressures, particularly those related to vehicle fuel, heating oil, and vehicle repairs. We also plan to reduce the number of work hours through increased efficiency.

⁹ The FY2020 IFP information contained in this document will be revised if needed upon approval by the BOG.

Non-Controllable Expenses. Our FY2019 IFP included \$4.0 billion for PSRHBf normal cost as part of controllable expenses, based on projections from OPM. The actual amount billed by OPM was \$3.8 billion; the \$0.2 billion difference was reflected as an offset to non-controllable expenses. In FY2018, OPM increased its normal cost calculation by \$0.2 billion. As that increase in PSRHBf normal costs was due to changes in the actuarial assumptions by OPM, we also treated it as non-controllable. There is no plan for a normal cost revaluation expense in FY2020 as we cannot predict calculation changes by OPM.

OPM calculates the PSRHBf amortization expense to allow us to pay down our unfunded liability obligations in the PSRHBf program. The FY2019 IFP included \$1.1 billion in expenses, based on the most recent OPM data available at the time we published the IFP. The actual billed amount in FY2019 was \$0.8 billion. This lower amortization requirement primarily resulted from a higher-than-expected discount rate used by OPM in calculating the liability. Based on the latest available information, the FY2020 IFP includes a \$0.9 billion expense for PSRHBf unfunded liability amortization.

OPM calculates both FERS and CSRS amortization payments to allow us to pay down our unfunded liability obligations in the FERS and CSRS programs. We consider these expenses non-controllable because the amount depends on actuarial assumptions, including interest and inflation rates, over which we have no control. FY2019 planned expenses for FERS and CSRS amortization were \$1.0 billion and \$1.4 billion, respectively, based on the most recent data available at the time we published the IFP. The actual charged amounts in FY2019 were \$1.1 billion and \$1.6 billion, respectively. Our FY2020 IFP includes CSRS and FERS amortization expenses equal to their actual FY2019 values.

GAAP requires us to record our Sept. 30, 2019, workers' compensation liability based on the prevailing interest rates on that date. The adjustment to the liability is non-controllable, as it is a function of events taking place in the general economy and well outside our control. We do not plan for this adjustment in our IFP, as we cannot predict future interest rates. In FY2019, we recorded a \$2.1 billion non-controllable increase in workers' compensation expense, due

primarily to the unfavorable impact that increasing interest rates has on our workers' compensation liability. This represents a \$3.5 billion lower benefit compared to the prior year.

Return to Long-Term Stability. For the Postal Service to effectively leverage the best available technologies and solutions to enhance our operations and services, and best serve our customers by providing reliable postal services, we will continue to take aggressive management actions to control costs, increase efficiency and return to long-term financial stability. However, we need both Congress and the PRC to make necessary statutory and regulatory business model changes to assist our internal efforts. We are relying on Congress to enact effective postal reform legislation, the centerpiece of which must be a requirement that postal retirees enroll in Medicare. This is a near-universal practice for businesses that still provides retiree health benefits and would ensure that the Postal Service's retiree health benefits program aligns with private sector best practices.

Also critical to solving our long-term financial challenges is the 10-year statutory review of the system for regulating rates and classes for Market-Dominant services the PRC is conducting. Changes to the current pricing system are necessary because the current regulatory structure restricts our ability to adjust prices of Market-Dominant services. This current model is predicated on a price cap that does not take changes in Postal Service volumes and costs into account. As the past decade has illustrated, this system is not suitable for ensuring the Postal Service's continued ability to provide prompt and reliable universal services, and to meet our other statutory obligations in a self-sufficient manner. The Postal Service seeks a structure that gives us the ability to set prices at levels necessary to ensure our financial stability.

Reference the FY2016–FY2019 Results and FY2019–FY2020 Targets for Corporate-Wide Performance Outcomes table on page 20 for historical performance and FY2020 targets.

Deliveries per Total Work Hours, Percent Change¹⁰

Deliveries per total work hours (DPTWH) is a measure of our overall efficiency. It is calculated by multiplying the total possible deliveries by the number of delivery days and dividing that product by total work hours. We target our percent improvement in DPTWH from year to year.

We adjust work hours to reflect changes in workload compared to the prior year. This adjustment accounts for changes in the network size (the addition of delivery points), changes in the number of non-Sunday delivery days, and changes in the mix of mail types (for example, a package usually contributes much more to workload than a letter or flat). The adjustment ensures that DPTWH is comparable from year to year.

Finally, the percent change in DPTWH is calculated by comparing the current year DPTWH (based on adjusted work hours) with prior year DPTWH (based on unadjusted work hours).

FY2019 Performance Report

The following table includes both FY2019 Actual Scores and FY2019 Targets for our corporate DPTWH, Percent Change metric.

Metric	FY2019 Actual Score	FY2019 Target	Delta	FY2019 Target (Met/Not Met)
DPTWH, Percent Change	(0.60)	1.40	(2.00)	Not Met

In FY2019, we recorded 1,187.3 work hours (adjusted for earned workload) and made 48,270 million deliveries. While delivery points grew in FY2019, package volume was unchanged and letter and periodical volumes decreased significantly. The number of deliveries made during the year grew by approximately 445 million, which is the net result of the addition of about 1.3 million new delivery points, as well as a small impact from increased Sunday deliveries. There would have been an additional delivery day in FY2019 (303) as compared to FY2018 (302), but delivery days were equal due to the national day of mourning to honor former President George H.W. Bush on Dec. 5, 2018.

The FY2019 DPTWH, Percent Change target was a 1.4 percent improvement in DPTWH; however, actual performance was a decrease of 0.60 percent due to overrunning our work hours relative to plan. Work hour

¹⁰ The FY2020 IFP information contained in this document will be revised if needed upon approval by the BOG.

overruns occurred mainly in the first half of the fiscal year due largely to increases in political and election mail as well as efforts to improve service during peak holiday season.

FY2020 Performance Plan

The FY2020 DPTWH, Percent Change target is 1.50 percent. The target assumes we will capture work hour reductions from declining mail volume and from operational initiatives to improve efficiencies in mail processing, delivery, and customer service.

Reference the FY2016–FY2019 Results and FY2019–FY2020 Targets for Corporate-Wide Performance Outcomes table on page 20 for historical performance and FY2020 targets.

Other Productivity Measures

Total Factor Productivity (TFP) measures how efficiently we use our resources¹¹. An increase in TFP indicates that the ratio of work completed to the resources used is increasing, and we are operating more efficiently. Work completed depends on three primary components: the number of delivery points, mail volume weighted by product type, and miscellaneous output (such as other services we provide, including passport services). Labor productivity measures the efficiency of labor. An increase in the labor productivity index indicates that more workload is being handled per unit of labor. For both indices, resource usage is based on the constant-dollar amounts of labor, capital, and materials used. Because some productivity improvements take years for the effects to be realized, it is more informative to consider changes in TFP and labor productivity over a period of years, rather than year-to-year.

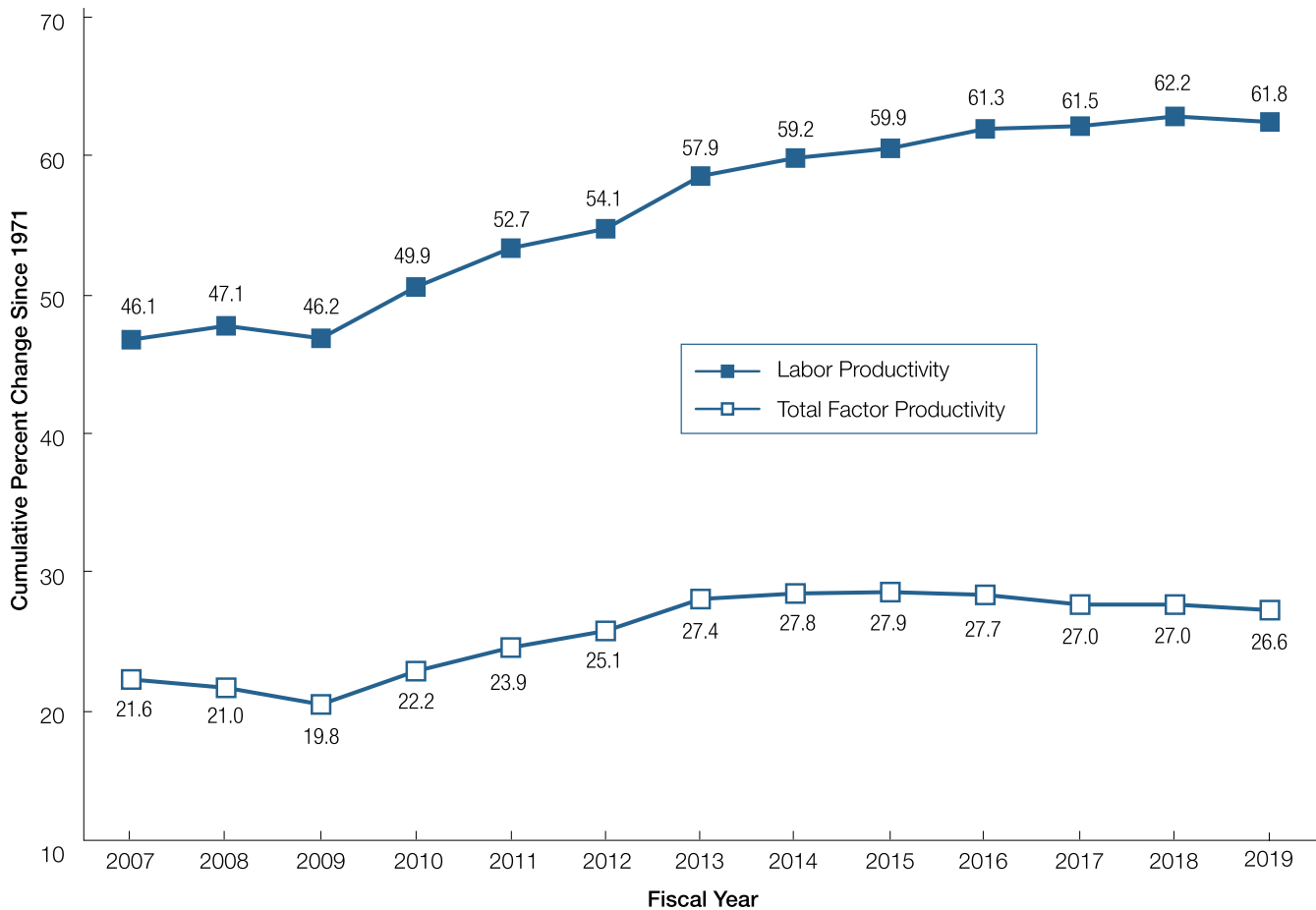
In FY2019, labor productivity decreased by 0.3 percent after nine consecutive years of increasing. This marks only the second year since 1997 that labor productivity did not increase. TFP has increased significantly since FY2009, though in recent years TFP has decreased each year with the exception of FY2018. Total Factor Productivity for FY2019 was -0.3 percent, with the decrease in TFP attributed to negative labor productivity, declining mail volumes, increased transportation expenses, and increased investments.

¹¹ We use DPTWH rather than TFP as our primary efficiency measurement indicator for two reasons: 1) DPTWH is easier to understand with greater measurable depth to the Area and District level and; 2) DPTWH can be reported in a timelier manner allowing us to more quickly assess our performance compared to TFP.

Labor productivity was negatively impacted by the National Rural mail count, the arbitration decision to convert Highway Contract Routes (HCR) to Postal Vehicle Services (PVS)¹², and increases in political and election mail. A number of factors, including the continuing decline in mail volume in recent years, has made it more challenging to generate additional productivity growth.

The following chart¹³ starts with the cumulative TFP and labor productivity improvement from an index year of 1971 to 2007 and then shows the cumulative change each year since FY2007.

Total Factor Productivity and Labor Productivity, Cumulative Percent Change Since 1971



¹² An arbitration decision signed Aug. 18, 2016, required USPS to insource specific routes from HCR to PVS.

¹³ FY2018 TFP and Labor Productivity were recast after the final Cost and Revenue Analysis (CRA) was issued in January 2019. FY2019 TFP and Labor Productivity is preliminary until the CRA report is released in January 2020.

Strategic Initiatives

The Postal Service has established strategic goals as described in our FY2020-FY2024 Five-Year Strategic Plan. To help achieve these goals, we have implemented a portfolio of strategic initiatives and a rigorous portfolio management process. This process is based on well-established methods to apply strategic and financial rigor to decision-making and to navigate significant organizational changes.

Each strategic initiative has a specific set of measures to track performance aligned to optimize short-term performance and build long-term capabilities. The portfolio of initiatives is dynamic and changes as priorities and resources change, and as programs are completed or adjusted based on external events.

The changes to our initiatives from FY2019 to FY2020 fall into the following categories:

- Continued: Initiative continued into FY2020 with minimal changes from FY2019.
- Refined: Initiative was modified to achieve greater alignment with organizational goals and the current business environment.

The table on the following page shows how the strategic initiatives implemented in FY2019 and planned for FY2020 align to the strategies from our Five-Year Strategic Plan and to the corporate-wide performance metrics. Note: The strategic initiatives identified in the USPS Five-Year Strategic Plan for FY2020-FY2024 are subject to change by the Board of Governors as changes in strategy become necessary or business conditions warrant.

One of the more than 12,400 ProMaster 2500 vehicles that the Postal Service uses to deliver mail and packages.



FY2019 and FY2020 Strategic Initiatives

FY2019 Corporate Outcomes Supported							FY2020 Corporate Outcomes Supported				
Strategies from the FY2020–2024 Five-Year Strategic Plan	FY2019 Strategic Initiatives	High-Quality Service	Excellent Customer Experiences	Safe Workplace and Engaged Workforce	Financial Health	Change from FY2019 to FY2020	FY2020 Strategic Initiatives	High-Quality Service	Excellent Customer Experiences	Safe Workplace and Engaged Workforce	Financial Health
Deliver World-Class Customer Experience	Build a World-Class Customer Experience	X	X	X		Continued	Build a World-Class Customer Experience	X	X	X	
Equip, Empower, Connect and Engage Employees	Improve Employee Experience			X	X	Refined	Form the Workforce of the Future			X	X
Innovate Faster to Deliver Value	Accelerate Innovation to Maximize Business Value	X	X	X	X	Continued	Accelerate Innovation to Maximize Business Value	X	X	X	X
	Accelerate Innovation to Create Customer Value and Increase Profitability	X	X		X	Refined	Accelerate Innovation to Enhance the Value of Mail	X	X		X
	Build Platform to Grow Profitable Packages Business	X	X		X	Refined	Accelerate Innovation to Grow a Profitable Package Platform	X	X		X
Invest in Our Future Platforms	Optimize Network Platform	X			X	Continued	Optimize Network Platform	X			X
	Delivery Structure Optimization	X	X		X	Refined	Optimize Delivery and Retail Platforms	X	X		X

Section 508 Version



A USPS retail clerk stands near Post Office Boxes at the Makiki, HI, Post Office.

Additional Information

For more information on our services, products, programs, and policies, visit usps.com.

Trademarks

The eagle logo, the trade dress of USPS packaging, the letter carrier uniform, trade dress of the round top collection box and the postal truck and the following word marks are among the many trademarks owned by the United States Postal Service®: Certified Mail®, First-Class™, First-Class Mail®, First-Class Package®, Forever®, Global Express Guaranteed®, Informed Delivery®, Informed Visibility®, Parcel Select®, PO Box™, Post Office®, Postal Pulse®, Postal Service™, Priority Mail®, Priority Mail Express®, Priority Mail Express International®, Priority Mail International®, Putting our Stamp on a Greener Tomorrow®, Standard Mail®, Standard Post™, United States Postal Inspection Service®, United States Postal Service®, U.S. Mail®, U.S. Postal Service®, USPS®, USPS BlueEarth®, USPS Marketing Mail®, USPS Retail Ground®, USPS Tracking®, usps.com®, Village Post Office™, and ZIP Code™.

Year References

All references to a specific year or “the year” refer to the Postal Service fiscal year ending Sept. 30. However, specific month and year references pertain to the calendar dates.



A USPS customer uses a self-service kiosk to ship a package.



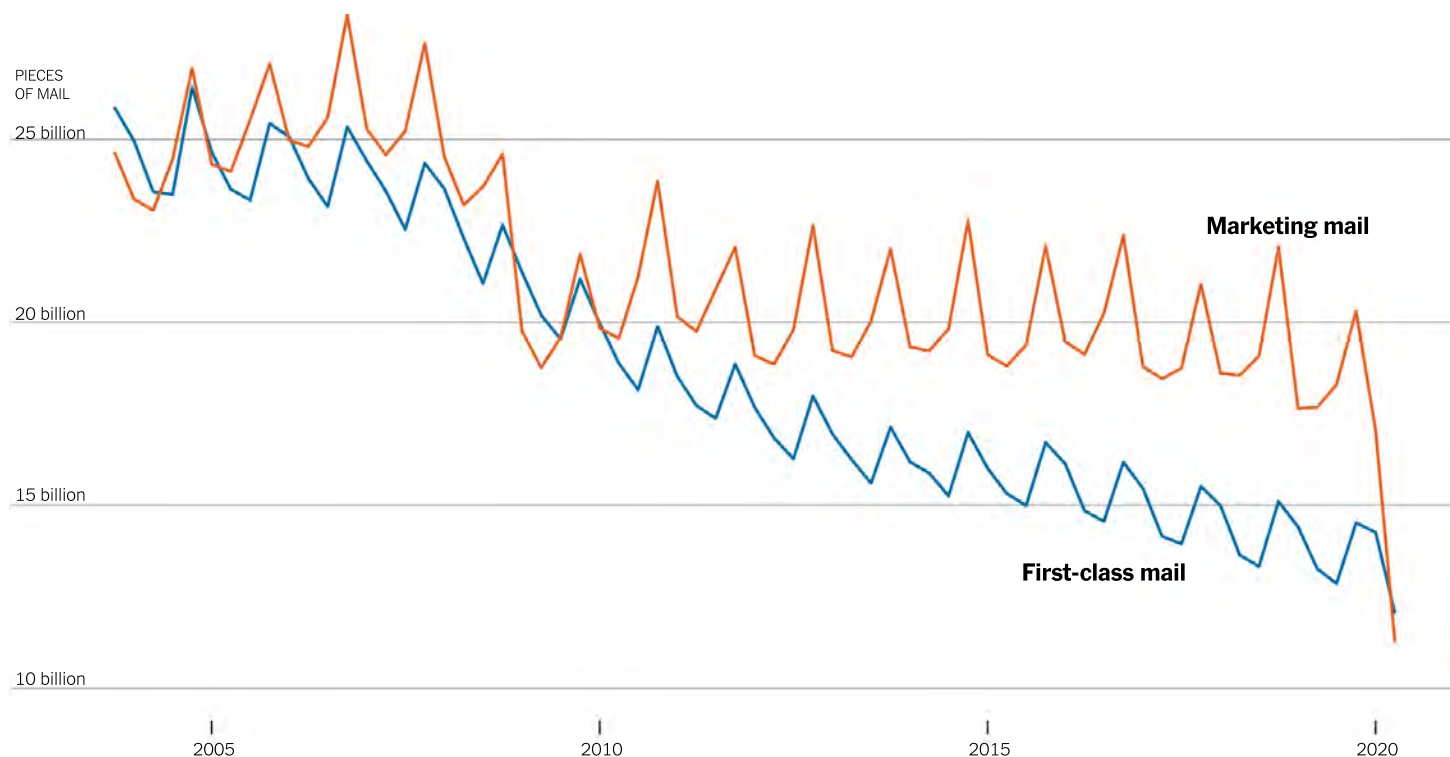
EXHIBIT 2

Can the Post Office Handle Election Mail? Why the Recession Could Actually Help

By Quoc Trung Bui and Margot Sanger-Katz Aug. 20, 2020

Mail volume has plummeted

Quarterly mail volume



Source: United States Postal Service

A surge in mail-in ballots this fall may not tax the Postal Service nearly as much as it would in a normal year.

An election during a pandemic means far more Americans than ever are likely to vote by mail. But the pandemic also means that the Postal Service is handling far less mail than usual.

The coronavirus recession has hit the post office. Individuals and especially businesses are simply sending less mail. Between April and June, the volume of marketing mail — like catalogs and fliers — has plummeted 36 percent compared with the same period last year. But first-class mail, like letters and bills, has fallen, too. Even with a normal Christmas surge and an unusually high number of mail-in ballots, overall postal volume between October and December would most likely be less than last year's Christmas season by more than one billion pieces of mail.

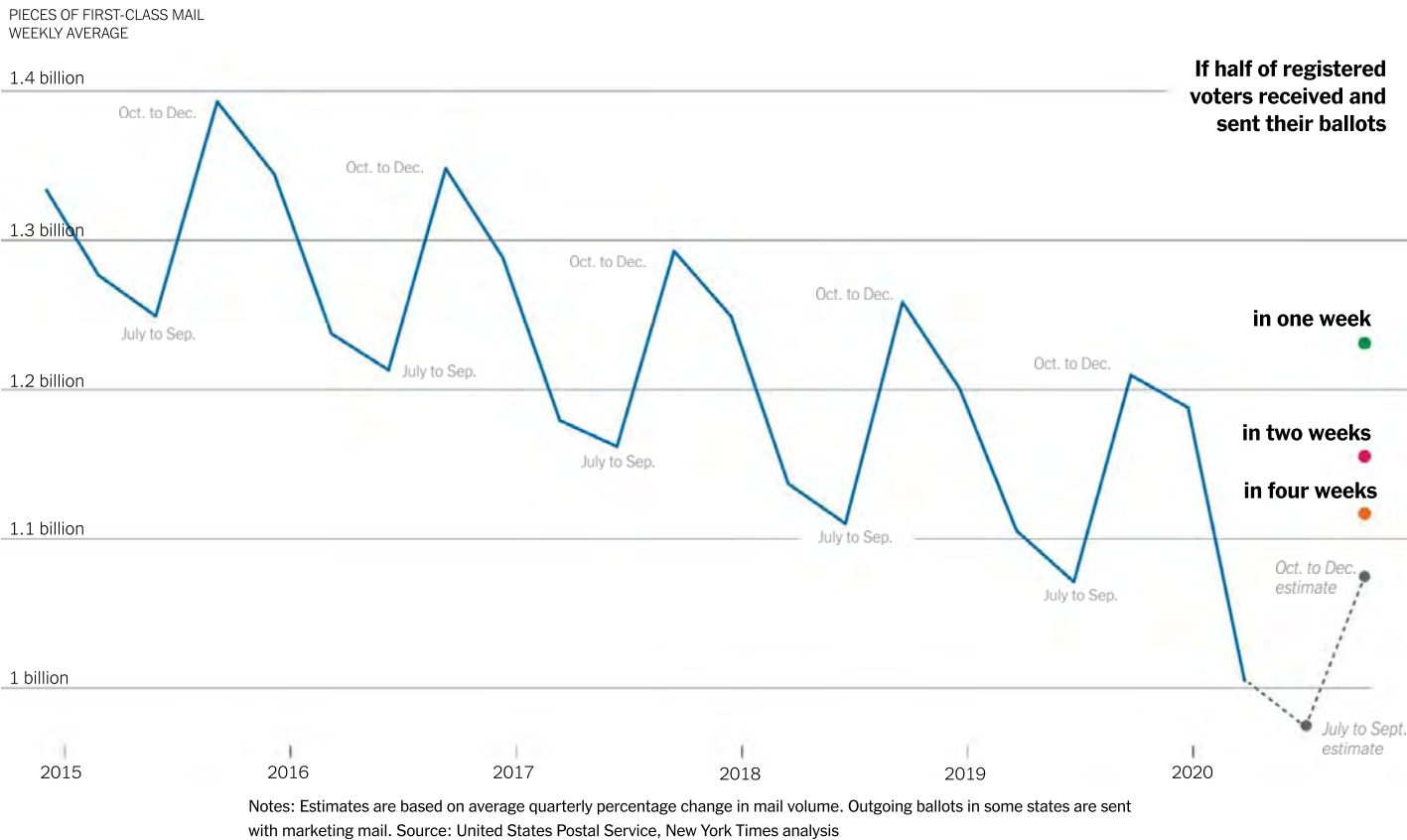
The recent virus-driven decline follows more than a decade of annual decreases in mail volume, as more companies have digitized their billing and marketing operations.

That overall decline is part of why postal officials have said they need cost-cutting measures: Less mail this year has meant less postal revenue. But Louis DeJoy, the Trump-aligned postmaster general who has overseen the decommissioning of mail-sorting machines and cutbacks in overtime, announced Tuesday that he would suspend such changes until after the election. His announcement came in response to a public outcry that postal slowdowns could undermine the election. Not every recent change can easily be reversed, but Mr. DeJoy’s statement suggests that the post office will be operating this fall at fairly normal capacity.

At normal capacity, the post office has room to accommodate an unprecedented level of mail-in voting. Postal volume is highly seasonal, and the system is equipped to handle huge surges in mail. The slowest months are in the summer. The busiest are in fall and early winter as retailers send catalogs; as households send holiday cards and newsletters to their friends; and as far-flung relatives mail gifts. Last year, the Postal Service estimated that it handled two and a half billion pieces of first-class mail just in the week before Christmas, its busiest week of the year.

The Postal Service Handles a Lot of Mail

Even a surge in ballots mailed all in one week would bring total first-class mail below its 2018 winter averages.



Getting the mail delivered during the annual holiday mail crush involves outside contractors and lots of overtime by full-time staff. Even if everyone voted by mail, it would not result in as much additional mail volume as a

typical holiday season. If half of registered voters from 2018 chose to vote by mail, that would mean that the post office would have to process 153 million pieces of mail. This spring's first-class mail volume was already down 1.2 billion pieces from the same period last year.

Assuming the seasonal trends this year match those in the past, the additional mail-in ballots in the fall still wouldn't push first-class mail volume anywhere near last year's levels, unless they were all mailed the week before the election.

Of course, there are still ways that vote-by-mail could go wrong. A group of states has filed suit against the Postal Service, arguing that recent service changes were unlawful, delayed delivery of ballots and interfered with people's ability to vote in primary elections this year. Several states have deadlines for requesting and submitting ballots that run very close to Election Day, putting pressure on the post office to process mail quickly during a busy time. The less time postal workers have to process mail-in ballots, the harder it will be to absorb the increase.

And the recent restrictions on overtime do appear to have slowed postal processing in some parts of the country. That's why election experts have been urging voters to request and submit their ballots early, to spread the burden over as much time as possible. Several have compared the effort to "flattening the curve" of the pandemic.

Mr. DeJoy said this week that overtime would continue to be approved "as needed," which leaves administrators considerable leeway. He could also, despite his recent promises, impose other policy changes that could slow or limit mail processing.

But changes that slow all first-class mail would have big and obvious effects, like interfering with the payment of bills and the shipping of prescription medications. "It's not good long-term politics," said Daniel Carpenter, a professor of government at Harvard, who said he could not rule out the possibility.

And changes that specifically targeted ballots would also be hard to keep secret. "Who do you think the postal workers are?" said Elaine Kamarck, a senior fellow at the Brookings Institution, who studies the Postal Service. "They're Democrats! They're all part of a union."

There are also risks from the coronavirus itself: An outbreak among mail carriers or in a postal processing plant could stall deliveries, especially since substitute workers require a lot of training.

But if things proceed as normal, the Postal Service is particularly well equipped to handle paper mail like ballots, especially in a year with depressed postal volumes.

"They've got the processing capacity," said Kevin Kosar, vice president at a free-market-oriented think tank, the R Street Institute, who has long studied postal operations.

But that does not mean that the Postal Service will be able to manage all the extra mail quickly if it comes in a giant rush. "It's like a restaurant," he said. "If 500 people show up at exactly 8 a.m. at McDonald's, they're going

to have a backup. But if 500 people show up over a 12-hour period, piece of cake.”

Our 2020 Election Guide

Updated Sept. 7, 2020

The Latest

The unofficial Labor Day kickoff to the fall presidential campaign centered on Pennsylvania and Wisconsin, [two pivotal states for both President Trump and Joseph R. Biden Jr.](#)

How to Win 270

Joe Biden and Donald Trump need 270 electoral votes to reach the White House. Try building [your own coalition of battleground states](#) to see potential outcomes.

Voting by Mail

Will you have enough time to vote by mail in your state? Yes, but it's risky to procrastinate. [Check your state's deadline.](#)



Joe Biden
Democrat



Donald Trump
Republican

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EXHIBIT 3



POSTAL NEWS

FOR IMMEDIATE RELEASE
Aug. 7, 2020

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Postmaster General Louis DeJoy's Opening Remarks for the USPS Board of Governors Aug. 7 Meeting

Below are the prepared opening remarks by Postmaster General and CEO Louis DeJoy for the Postal Service Board of Governors open session meeting on Aug. 7, 2020. The remarks as delivered may vary from the prepared text. An audio recording of the full meeting will be available at <https://about.usps.com/who/leadership/board-governors/briefings/welcome.htm>.

"This is my first open session of the Board of Governors and I would like to offer my public thanks to the Governors for entrusting me with this role. It is an incredible honor to serve the public and this organization as Postmaster General.

I look forward to working with all of you, our management team, and the men and women of the Postal Service – as well as our postal unions, management associations, customers and other stakeholders.

We are at the beginning of a transformative process. Our goal is to change and improve the Postal Service to better serve the American public, and I am excited about the opportunities ahead.

I would also like to add my public welcome to Governors Lee Moak and Bill Zollars. Thank you for joining this Board and for serving the American public. I look forward to working with you.

My first day on the job as Postmaster General was June 15th. Since then, I have been fully immersed in understanding and evaluating all aspects of the postal organization and business model.

We have conducted numerous deep-dive meetings in every core area of our business. We have assessed previous plans as well as research and analysis about our products and services and the competitive marketplace.

We have also dug deeply into our operational practices and the many ways we deliver value for our customers, as well as the drivers of our troubling financial condition.

Let me start by saying that I am an optimist by nature, and as I take on this new role, I am enthusiastic and energized about the prospects for our future and our untapped promise. I have been extremely impressed by the dedication of the Postal Service workforce and their commitment to the public service that we provide to the American people, and I am excited about the fantastic competencies of this organization. I believe that there are tremendous opportunities available to us, and I am very confident that we can turn our business around and become financially healthy, while remaining a vital part of the nation's critical infrastructure.

That said, I am a realist, and am keenly aware of the magnitude of the financial challenges we

face. Our financial position is dire, stemming from substantial declines in mail volume, a broken business model and a management strategy that has not adequately addressed these issues. As a result, the Postal Service has experienced over a decade of financial losses, with FY 2019 approaching \$9 billion and 2020 closing in on \$11 billion in losses. Without dramatic change, there is no end in sight, and we face an impending liquidity crisis.

At the same time, there is a critical need to make capital investments in order to ensure effective and efficient operations, and meet the needs of the American people. Our financial situation has forced us to defer capital investments over the past decade in order to preserve liquidity, which is not a sustainable strategy for success. Most vitally, we need to invest in new delivery vehicles so that our letter carriers can safely serve the American people and we can participate in the growth of the new economy.

As we have repeatedly stated, Congress and the Postal Regulatory Commission have long delayed much needed legislative and regulatory reforms to help address the situation. Congress must enact reform legislation that addresses our unaffordable retirement payments. Most importantly, Congress must allow the Postal Service to integrate our retiree health benefits program with Medicare, which is a common-sense best practice followed by all businesses who still offer retiree health care. Rather than sensationalizing isolated operational incidents that I acknowledge can occur and have always occurred in a business of our size and scope or attempting to impose unfunded mandates unrelated to any postal policies, I ask members of Congress to take action on this one legislative burdensome issue that will actually make a difference.

The Commission, meanwhile, must expeditiously resolve the 10-year review, and design a more rational regulatory system for our mail products. The 10-year review has been ongoing for nearly 4 years, and it has been nearly 3 years since the Commission concluded that the current system is not working, yet it has still not finalized a replacement system. Since that time we have delivered over 480 billion pieces of mail and packages under a system that our regulator acknowledges is not working, and we continue to wait for the required relief. Had Congress and the PRC fulfilled their obligations to the American people concerning the Postal Service, I am certain that nearly \$80 billion of cumulative losses we have experienced since 2007 could have been avoided, and that the Postal Service's operational and financial performance would not be in jeopardy.

Drama and delay does not get the mail delivered on time, nor does it pay our bills. Without timely legislative and regulatory reform, we will be forced to take aggressive measures to cut costs and bridge the divide.

At the same time, the Postal Service has failed to engage a sufficient operating strategy that adequately mitigated these predicted annual financial losses. We will not and cannot wait for the legislative and regulatory process to save us. The Postal Service must do our part, by pursuing every strategy within our control to ensure our success, and in that regard I know we can do more. If we want to be viable for the long term, it is absolutely imperative for the Postal Service to operate efficiently and effectively, while continuing to provide service that fulfills our universal service mandate and meets the needs of our customers.

There are competitive alternatives to every product that we offer, and for that reason high-quality, reasonably-priced service is an absolute necessity, but it is equally important for us to embrace the reality that high quality service and efficient service are not mutually exclusive, but instead must go hand-in hand if we are going to keep pace with our competition and be self-sustaining, as our mandate requires.

The Postal Service is a great American institution with tremendous capabilities and prospects,

and I know there is tremendous additional value within the Postal Service that needs to be unlocked. To reach our full potential we need to be even better at everything we do well now, but we also need to recognize our issues and urgently embrace the changes required to unleash the full range of possibilities, and we need to start yesterday.

For that reason, we have begun by vigorously focusing on the ingrained inefficiencies in our operations. To start with, we have taken immediate steps to better adhere to our existing operating plans, which were developed precisely to ensure that we meet our present service standards in an efficient and effective manner. By running our operations on time and on schedule, and by not incurring unnecessary overtime or other costs, we will enhance our ability to be sustainable and to be able to continue to provide high-quality, affordable service. I call on every executive, employee, union and management association leader to join me in pursuing this simple objective that every service organization needs to achieve in order to be successful.

As we implement our operating plans, we will aggressively monitor and quickly address service issues. You can rest assured that we will continually review our operational practices and make adjustments as required to ensure that we operate in an efficient and effective manner.

During the early days of my tenure we have also taken a fresh look at our operations and considered any necessary organizational and structural adjustments that will best position us to maximize our core competencies and key strengths. We are highly focused on our public service mission. However, we collectively recognize that changes must be made, and for that reason we will implement an organizational realignment that will refocus our business, improve line of sight, enable faster solutions, reduce redundancies, and increase accountability. This realignment will strengthen the Postal Service by enabling us to identify new opportunities to generate revenue, so that we will have additional financial resources to be able to continue to fulfill our universal service obligation to all of America.

Further, we also are now in the process of developing a series of additional actions, which, if approved by the Board, will include new and creative ways for us to fulfill our mission, and will likewise focus on our strengths to maximize our prospects for long-term success. We will improve the products and services we provide, pursue new revenue areas, and continue to operate more efficiently. The plan will consist of actions that the Postal Service can undertake with the approval of the Governors, as well as elements requiring Congressional and Postal Regulatory Commission actions.

As we move forward in developing and implementing these initiatives, I'm especially appreciative of the strong efforts of our management team, and the many contributors within our internal organization who are involved in this important process, and I likewise welcome the good discussions and healthy debate that I have had with our union leadership already.

I am also thankful for the ongoing consultation with this Board regarding our business planning, and I look forward to our ongoing dialogue.

While I have the pulpit, I also want to take the opportunity to clear up some misconceptions some may have about me and the positions I intend to advance on behalf of the Postal Service.

First, while I certainly have a good relationship with the President of the United States, the notion that I would ever make decisions concerning the Postal Service at the direction of the President, or anyone else in the Administration, is wholly off-base. I serve at the pleasure of the Governors of the Postal Service, a group that is bipartisan by statute and that will evaluate my performance in a nonpartisan fashion. The Postal Service itself has a proud tradition of being a nonpartisan organization, which I believe is one reason why the Postal Service is consistently rated by the public as the most trusted federal entity. I intend to uphold the trust that has been

placed in me by the Governors, and to fulfill my responsibilities to this organization and to the public interest, by trying to make good decisions through the exercise of my best judgment and business acumen gained through 35 years of commercial experience, and not based upon any partisanship.

Second, let me be clear that with regard to Election Mail, the Postal Service and I are fully committed to fulfilling our role in the electoral process. If public policy makers choose to utilize the mail as a part of their election system, we will do everything we can to deliver Election Mail in a timely manner consistent with our operational standards. We do ask election officials and voters to be mindful of the time that it takes for us to deliver ballots, whether it is a blank ballot going to a voter or a completed ballot going back to election officials. We have delivery standards that have been in place for many years. These standards have not changed, and despite any assertions to the contrary, we are not slowing down Election Mail or any other mail. Instead, we continue to employ a robust and proven process to ensure proper handling of all Election Mail.

We have been working closely with election and other public officials throughout the country to ensure that they are well educated about the mailing process and can use the mail effectively to administer elections. Ensuring that election officials throughout the country have an understanding of our operational parameters, including the circumstances under which we postmark mail and our delivery standards, so that they can educate voters accordingly, is important to achieving a successful election season. Although there will likely be an unprecedented increase in election mail volume due to the pandemic, the Postal Service has ample capacity to deliver all election mail securely and on-time in accordance with our delivery standards, and we will do so. However, as discussed, we cannot correct the errors of the Election Boards if they fail to deploy processes that take our normal processing and delivery standards into account.

Third, I was not appointed by the Governors to position the Postal Service to be privatized or to manage its decline. To the contrary, I accepted the job of Postmaster General fully committed to the role of the Postal Service as an integral part of the United States Government, providing all Americans with universal and open access to our unrivalled processing and delivery network, as reflected in the Mission Statement that the Board adopted on April 1, 2020. I fully embrace six-day delivery of mail and packages as one of this organization's greatest strengths and I plan to invest in tools and equipment for our letter carriers, as well as enhance the stability of our non-career workforce, to continue to provide the nation's most trusted service. I accept the responsibility that the Governors gave me to maintain and enhance our reputation and role as a trusted face of the federal government in every community, and I intend to work with postal executives, management associations, managers, union leadership, and our craft employees to do everything I can to put us back on a financially stable path. I am confident that we can chart a path forward that allows the Postal Service to fulfill our vital public service mission in a sustainable manner. I look forward to the challenge, and know we are up to it.

Today, we are releasing our results for our third quarter, ended June 30. Joe Corbett, our Chief Financial Officer, will review those results in detail this morning. I would like to provide just a couple of comments on overall business conditions.

We have experienced some dramatic shifts in our business since the COVID-19 pandemic began.

First and foremost, we have taken the steps necessary to make sure that our employees can work safely. We have worked closely with our unions to assess the needs and fill the gaps, and now there is a solid process in place to ensure the right protective equipment and other supplies are in the right places.

We have also seen an unprecedented increase in package deliveries since March. We expect elevated package volumes will continue through the end of the year at least – and may have some long-term staying power.

We are obviously highly attentive to changing consumer e-commerce behaviors and what this means for our business. We are proud to be the carrier of choice for companies to reach homes and businesses, especially during the current situation.

On the whole, while package growth has been strong, the changes in U.S. economic conditions due to the pandemic are straining our financial situation. We have seen substantial declines in mail volume, as well as significantly increased costs.

On Wednesday of last week, I announced that we have reached an agreement in principle with the Department of the Treasury on the terms and conditions associated with \$10 billion lending authority provided in the CARES Act. I very much appreciate Treasury Secretary Steven Mnuchin for working with me to reach mutually acceptable terms and conditions.

Access to an additional \$10 billion in borrowing authority will delay the approaching liquidity crisis and is a positive development. However, we remain on an unsustainable path which cannot be solved simply by borrowing money which needs to be paid back with interest, since our current path does not enable us to pay even our current bills, let alone new ones. We will continue to focus on improving operational efficiency and pursuing other reforms in order to put the Postal Service on a trajectory for long-term financial stability.

Before I conclude, I'd like to comment briefly on the public service mission of the organization.

I have been struck by the commitment and dedication of postal employees, who have truly gone above and beyond in dealing with the COVID-19 pandemic.

The public support for the organization is extremely high because postal employees are so committed to serving their communities and their customers. We aim to continually earn the trust and support of the public.

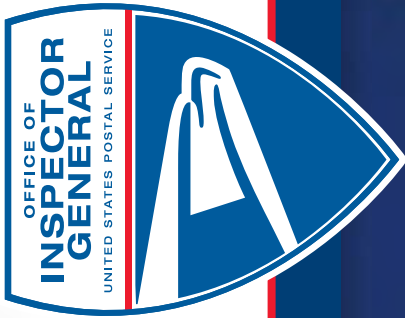
In that regard, I'd like to conclude by thanking the 630,000 men and women of the Postal Service for their hard work serving America's communities. In addition to the challenges presented by the pandemic, many parts of the country have experienced extreme heat this summer, and the hurricane season has begun.

Thank you for your exceptional commitment to our mission of serving the nation. We appreciate all you do, every day."

###

Please Note: For U.S. Postal Service media resources, including broadcast-quality video and audio and photo stills, visit the [USPS Newsroom](#). Follow us on [Twitter](#), [Instagram](#), [Pinterest](#), and [LinkedIn](#). Subscribe to the [USPS YouTube channel](#), like us on [Facebook](#) and enjoy our [Postal Posts blog](#). For more information about the Postal Service, visit [usps.com](#) and [facts.usps.com](#)

EXHIBIT 4



Office of Inspector General | United States Postal Service

Audit Report

Processing Readiness of Election and Political Mail During the 2020 General Elections

Report Number 20-225-R20 | August 31, 2020



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■ Election and Political Mail likely to be mailed too close to the election, resulting in insufficient time for the Postal Service to process and deliver the mailpieces;

- Postmark requirements for ballots; and
- Voter addresses that are out of date.

Resolving these issues will require higher level partnerships and cooperation between the Postal Service and various state officials, including secretaries of state and state election boards. Timely delivery of Election and Political Mail is necessary to ensure the integrity of the U.S. election process.

Stakeholder-Related Election Mail Issues

The Postal Service has frequently communicated to state election officials the importance of ballot mailpiece tracking and design, the required timeframes for processing and delivering mail, and the importance of updating voter addresses. They have designated area and district Political and Election Mail coordinators to conduct outreach to state and local election officials and published a toolkit for election officials to facilitate voting by mail. Further, the Postal Service has altered their normal processes to accommodate for the timely processing of Election and Political Mail, such as requiring postmarks on all ballots, prioritizing the pickup, processing, and delivery of Election and Political Mail, and diverting resources as necessary. However, as mentioned in the *Timeliness of Ballot Mail in the Milwaukee P&DC Service Area* audit, issues surrounding these items continue to occur.

- The Postal Service, mailers, and election boards are not able to track ballot envelopes that do not have barcodes. According to Postal Service management, some election boards have chosen to continue using excess stock of ballot envelopes without barcodes and some lack the funding for integrating the use of barcodes in their mailing process. Based on data analyzed from the 2018 general election season, about 31.1 million ballots were cast by mail, but only 4.1 million (13 percent) Election Mail mailpieces used mail tracking technology.
- Some election boards continue using ballot envelope designs which can cause mail processing machines to return ballots to voters. This can occur

when the ballot envelope contains more than two addresses, as well as when addresses are located on both sides of the envelope.

- Mailers, election boards, and voters are likely to mail Election and Political Mail too close to an election. This could result in insufficient time for the Postal Service to process and deliver the mailpieces within prescribed delivery standards, and still meet state deadlines for receiving ballots from voters. The Postal Service suggests election offices send ballots as First-Class Mail, and while First-Class Mail only takes 2 to 5 days to be delivered, the Postal Service recommends election offices send ballots to voters at least 15 days prior to an election. This is to ensure time for the ballot to reach the voter and for the voter to complete and return the ballot. However, 48 states and the District of Columbia have absentee ballot request deadlines less than 15 days in advance of an election. According to Postal Service management, during the primary election season, election boards mailed over 1 million ballots to voters within 7 days of an election. This put these ballots at high risk by not allowing sufficient time for delivery to voters and their subsequent delivery back to the election boards.
- Postmarking provides an official date stamp for ballots; however, ballot postmarking policies vary by state. Although 29 states do not currently require postmarks on absentee ballots, the states that do require them have different timeframes for when ballots must be postmarked or received to be counted. In anticipation of an increase in voting by mail during the November 2020 general election, some states have recently updated their postmark requirements.
- States have different requirements and timeframes for updating their voter registries. Some states only update voter address information every two years and run the risk of using outdated addresses for their registered residents who have moved. This can cause absentee ballots intended for voters to be returned to election officials as undeliverable.

When mailers, states, and election boards do not follow recommended best practices to prepare, process, and track Election and Political Mail sent to voters, there is an increased risk the mail may not be delivered timely.

Readiness for Timely Processing

Since our prior audits, the Postal Service has improved internal communication between headquarters and mail processing facilities, and developed online Election and Political Mail training. However, the amount of identifiable Election and Political Mail delivered on-time nationwide was 94.5 percent from April 2020 through June 2020, a decrease of 1.7 percentage points compared to the same time period in 2018.

The seven P&DCs we reviewed that were processing Election and Political Mail for special or primary elections did not always comply with Election and Political Mail readiness procedures. Specifically:

- While all seven facilities performed some level of certification that they were clear of Election and Political Mail in their facility at the end of the day, five of the facilities did not fully comply during the two weeks leading up to the election. Specifically, facilities either did not complete, properly complete, or timely complete the daily certification. Further, even though the Oklahoma and Baltimore P&DCs certified they were clear of Election and Political Mail daily, we identified approximately 200 ballots at the Oklahoma City P&DC and 68,000 Political Mail mailpieces at the Baltimore P&DC that had not been processed.
- Six of the seven facilities did not always complete daily self-audits of Election and Political Mail readiness. The self-audit verifies readiness to receive and process Election and Political Mail and includes items such as verifying daily all-clear checks, evaluating the setup of a staging area, and logging the arrival of Election and Political Mail.
- None of the seven facilities used the Postal Service’s Operational Clean Sweep Search Checklist. This checklist provides a list of specific areas to check when searching for Election and Political Mail within the mail processing facility.
- Six of the seven facilities used their own variation of the Election and Political Mail logs, which were missing key information such as mail class and the

date/time it was cleared from the operation. The logs help track Election and Political Mail as it moves through the Postal Service’s network.

These issues occurred due to a lack of management oversight and unclear guidance regarding who is responsible for completing all-clear certifications, checklists, and logs; who ensures issues are resolved; and how often these items should be completed and maintained. Not completing and using these tools could result in processing delays and lower service performance. An analysis of data determined the total number of identifiable Election and Political Mail mailpieces not delivered on time from April 2020 through June 2020 for the seven P&DCs was about 1.6 million (8 percent) of 20.2 million mailpieces.

In addition, we noted that while postmarks are not required on all mailings and are intended to be a revenue protection mechanism to prevent the reuse of postage, the Postal Service has directed personnel to postmark all ballots to assist state election boards. However, we found that ballots are not always being postmarked as required and it is a challenge for the Postal Service to ensure full compliance. Some ballots did not receive a postmark due to: (1) envelopes sticking together when processed on a machine; (2) manual mail processing; or (3) personnel unaware that all return ballots, even those in prepaid reply envelopes, need to receive a postmark. Without a postmark on return ballots mailed by voters, a ballot could be rejected and a vote not counted. The Postal Service reissued guidance on July 29, 2020 and held a webinar reiterating to employees that all ballots sent by voters must have a postmark. The Postal Service is also currently evaluating the proper postmarking procedures for situations where a ballot is received at a delivery unit with no postmark, but there is evidence that it was processed by the Postal Service on or before election day. Therefore, we are not making a recommendation regarding this issue.

Best Practices

We identified several best practices employed at various locations to improve readiness for processing Election and Political Mail. These practices include:

- Political and Election Mail coordinators obtaining an estimate of Election and Political Mail volume and drop off dates in advance from mailers which helped inform facilities of potential staffing requirements.

TABLE OF CONTENTS	HIGHLIGHTS	RESULTS	APPENDICES
<ul style="list-style-type: none">■ Facilities obtaining sample ballot envelopes to test in mail processing machines.■ Facilities using work floor monitors to display important Election and Political Mail information, such as upcoming election dates and deadlines.■ States, such as Colorado, paying independent contractors to track ballots and provide alerts during each step of the voting process – from ballot printing to acceptance by election officials.■ Election officials creating colored absentee ballot return envelopes to make identifying return ballots easier for the Postal Service, election offices, and voters. <h3>Recommendations</h3> <p>We recommended management:</p> <ul style="list-style-type: none">■ Leverage established partnerships with state and local election officials to work toward creating a separate, simplified mail product exclusively for Election Mail that would support uniform mail processing, including mandatory	<ul style="list-style-type: none">■ mailpiece tracking and proper mailpiece design. Until this new product is developed, continue to prioritize the processing of Election Mail consistent with past practices.■ Ensure mail processing facilities perform an accurate daily certification that they are clear of Election and Political Mail using the Operational Clean Sweep Search Checklist.■ Clearly define roles, responsibilities, and oversight to ensure that the Political and Election Mail Audit Checklist is completed; and define timeframes for completion during election season.■ Ensure mail processing facilities use and maintain the standardized Election and Political Mail log for each operation.■ Implement best practices identified during our audit and continue educating election officials on identified best practices to increase nationwide Election and Political Mail readiness.		<div>↶ BACK to COVER</div>

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

August 31, 2020

MEMORANDUM FOR: DAVID E. WILLIAMS
CHIEF LOGISTICS AND PROCESSING
OPERATIONS OFFICER

E-Signed by Inspector General
VERIFY authenticity with eSign Desktop
David E. Benjamin, Jr.

FROM: Darrell E. Benjamin, Jr.
Deputy Assistant Inspector General
for Mission Operations

SUBJECT: Audit Report – Processing Readiness of Election and
Political Mail During the 2020 General Elections
(Report Number 20-225-R20)

This report presents the results of our audit of the Processing Readiness of Election and Political Mail During the 2020 General Elections.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Todd J. Watson, Director, Network Processing, or me at 703-248-2100.

Attachment

cc: Postmaster General
Corporate Audit Response Management

Results

Introduction/Objective

This report presents the results of our self-initiated audit of the U.S. Postal Service's Processing Readiness of Election and Political Mail During the 2020 General Elections (Project Number 20-225). Our objective was to evaluate the U.S. Postal Service's readiness for timely processing of Election and Political Mail for the 2020 general elections.

Background

The 2020 U.S. general elections are scheduled to be held on Tuesday, November 3, 2020. In addition to the presidential election, federal elections will also be held for all 435 seats in the U.S. House of Representatives and 35 of the 100 seats in the U.S. Senate. There will also be 13 state and territorial elections for governor and numerous other state and local elections.

Due to the COVID-19 pandemic, there is an expected increase in the number of Americans who will choose to vote by mail¹ and avoid in-person voting. Every state allows some form of absentee ballot² voting³; however, only five states allow elections to be conducted entirely by mail.⁴ Currently, there are over 152 million registered U.S. voters. If every registered voter received and returned a ballot by mail in the November 2020 general election, it would represent less than 1.4 percent of the Postal Service's average monthly volume.⁵ The Postal Service plays a vital role in the American democratic process and this role will continue to grow as the volume of Election and Political Mail increases.

“Our objective was to evaluate the U.S. Postal Service’s readiness for timely processing of Election and Political Mail for the 2020 general elections.”

Election Mail is any mailpiece that an authorized election official creates for voters participating in the election process and includes ballots and voter registration materials. Political Mail is any mailpiece created by a registered political candidate, a campaign committee, or a committee of a political party for political campaign purposes.

Election and Political Mail can be sent as either First-Class Mail, which takes 2 to 5 days to be delivered, or Marketing Mail, which takes 3 to 10 days to be delivered, depending on the preference of the customer. However, ballots returned by voters are required to be sent as First-Class Mail. While Marketing Mail has longer processing and delivery timeframes, it costs less than First-Class Mail.

Our prior audits related to Postal Service's processing of Election and Political mail include: *Processing Readiness for Election and Political Mail for the 2018 Midterm Elections* (Report Number NO-AR-18-007, dated June 5, 2018), *Service Performance of Election and Political Mail During the 2018 Midterm and Special Elections* (Report Number 19XG010NO000-R20, dated November 4, 2019), and *Timeliness of Ballot Mail in the Milwaukee Processing and Distribution Center Service Area* (Report Number 20-235-R20, dated July 7, 2020).

In the prior audits, we found the Postal Service needed to improve communication between headquarters, mail processing facilities, and election officials; train staff on Election and Political Mail processes; keep internal Election and Political Mail websites up-to-date; and appropriately align resources to process peak Election and Political Mail volume. We also noted potential concerns nationally with deadlines set by the states to request absentee ballots, ballot postmarks, ballots mailed without mail tracking technology, and the ratio of Political and Election Mail coordinators to election offices in certain locations. The Postal Service has implemented corrective actions for these recommendations.

1 Vote by mail occurs when voters receive or return their ballots through the mail.
2 An absentee ballot is a ballot that has been sent to a voter who will use it to vote outside of a polling place or election official's office.
3 All states will mail absentee ballots to certain voters who request one. In most states, any qualified voter may vote absentee without offering an excuse, but other states require an excuse to request an absentee ballot.
4 In Colorado, Hawaii, Oregon, Washington, and Utah, a ballot is automatically mailed to every eligible voter (no request or application is necessary).
5 Through Fiscal Year 2020, Quarter 3, on average the Postal Service processed over 22 billion mailpieces monthly.

This audit was conducted during special and primary elections held in May and June 2020 and included reviewing operations at Processing and Distribution Centers (P&DCs) that were processing mail for a special or primary election in each of the seven Postal Service areas (see Table 1). During our audit, we noted some states changed their vote by mail requirements in response to the COVID-19 pandemic. For example, some states changed their ballot postmarking requirements and/or absentee ballot request deadlines. Any state election process or requirement change made after August 2020 is not reflected in this report. See [Appendix A](#) for additional details.

Table 1. Mail Processing Facilities Reviewed and Corresponding Election

Area	Facility (P&DC)	Primary or Special Election	2020 Election Date
Pacific	Santa Clarita, CA	Special	May 12
Western	Portland, OR	Primary	May 19
Capital Metro	Baltimore, MD	Primary	June 2
Great Lakes	Indianapolis, IN	Primary	June 2
Eastern	Charleston, WV	Primary	June 9
Northeast	Brooklyn, NY	Primary	June 23
Southern	Oklahoma City, OK ⁶	Primary	June 30

Source: U.S. Postal Service Office of Inspector General (OIG) analysis.

We did not evaluate recent operational changes made by the Postal Service or the significant increases in delayed mail at delivery units experienced this summer. In response to a congressional request received on August 7, 2020,

6 Due to the COVID-19 pandemic, the team conducted virtual site visits for all facilities except Oklahoma City P&DC.
7 *Evaluation of Operational Changes on Mail Delivery Service*, Project Number 20-292.
8 Mail processing equipment and blue collection boxes will remain where they are, no mail processing facilities will close, and overtime will continue to be approved, as needed.
9 A Postal Service barcode is used to sort and track letters and flats. The Postal Service is promoting use of the barcodes because it expands the ability to track individual mailpieces and provides customers with greater visibility into the mailstream.

we have an ongoing project⁷ which will evaluate these operational changes and their impact on mail service. On August 18, 2020, the Postmaster General (PMG) announced he was suspending initiatives regarding Postal Service operational changes⁸ until after the general election is concluded. The PMG also announced an expansion of the election mail task force to include leaders from postal unions and management associations to enhance partnerships with state and local election officials.

Finding #1: Stakeholder-Related Election Mail Issues

While the Postal Service has made progress in preparing for the 2020 general election, there are concerns surrounding integrating stakeholder processes with the Postal Service’s processes to help ensure the timely delivery of Election and Political Mail.

These potential concerns include:

- Ballots mailed without barcode⁹ mail tracking technology;
- Ballot mailpiece designs that result in improper processing;
- Election and Political Mail likely to be mailed too close to the election, resulting in insufficient time for the Postal Service to process and deliver the mailpieces;
- Postmark requirements for ballots; and
- Voter addresses that are out of date.

Resolving these issues will require higher level partnerships and cooperation between the Postal Service and various state officials, including secretaries of state and state election boards. Timely delivery of Election and Political Mail is necessary to ensure the integrity of the U.S. election process.

Use of Barcodes

The Postal Service, mailers, and election boards are not able to track ballot envelopes that do not have barcodes. While there is no requirement for ballots to have barcodes, the Postal Service has recommended election offices use them. Barcodes can be used by both the Postal Service and the mailer, or election office, to track ballots sent to and returned by voters. Without the use of barcodes it is extremely challenging and, in many cases not possible, to determine whether or not a ballot was sent through the Postal Service, returned by a voter, and/or if there was a delay in the Postal Service’s processes. Based on data analyzed from the 2018 general election season, less than 4.1 million¹⁰ (13 percent) of the 31.1 million¹¹ vote by mail ballots used barcodes.

According to Postal Service management, some election boards have chosen to continue using excess stock of ballot envelopes that do not have barcodes and some lack the funding for integrating the use of barcodes in their mailing processes. One state’s election office we spoke with stated there would be challenges incorporating barcodes into their system and that it could not be completed before the 2020 general election.

Ballot Envelope Design

States include different security features on ballot return envelopes to help protect voting by mail and validate voter identity. These features can include barcodes to identify the voter, voter and witness signatures, voter address, notary seal, and driver’s license or social security number. However, if these features are not properly located on the envelope, mail processing machines may mis-sort the mailpiece and return the ballot to the voter. This can occur when the ballot envelope contains more than two addresses or when addresses are located on both sides of the envelope (see Figure 1). The Postal Service also received return ballots from voters that didn’t have the election office address included on the envelope. This also caused the ballot to be returned to the voter (see Figure 2).

Figure 1. Example of Ballot Return Envelope with Barcode, Voter and Witness Signature, and Voter Address on the Back



Source: OIG, August 2020.

¹⁰ This data was pulled from Informed Visibility (IV) during October and November 2018, and includes all Election Mail mailpieces, not just ballots.

¹¹ This data was obtained from the U.S. Election Assistance Commission report, *Election Administration and Voting Survey, 2018 Comprehensive Report*, A Report to the 116th Congress, dated June 2019, and includes only ballots.

Figure 2. Example of Ballot Return Envelope with No Address



Source: USPS, August 2020.

Mailing Too Close to Election Date

Mailers, election boards, and voters are likely to mail Election and Political Mail too close to an election. This could result in insufficient time for the Postal Service to process and deliver the mailpieces within prescribed delivery standards¹² and still meet state deadlines for receiving ballots from voters. Any time Election and Political Mail mailpieces are mailed before an election with less time than the corresponding service standard, they are at risk of not being delivered before an election.

The Postal Service suggests election offices send ballots as First-Class Mail. While First-Class Mail only takes 2 to 5 days to be delivered¹³, the Postal Service recommends election offices send ballots to voters at least 15 days prior to an election to ensure time for the ballot to reach the voter and for the voter to complete and return the ballot. However, 34 states and the District of Columbia have absentee ballot request deadlines (those with no deadline or a deadline

12 Election and Political Mail can be sent as First-Class Mail, which takes 2 to 5 days to be delivered, or as Marketing Mail, which takes 3 to 10 days to be delivered.
13 First-Class Mail sent within the continental U.S. takes 2 to 3 days.

14 The two states that allow sufficient time for the voter to receive, complete, and mail the ballot back before the day of the election are Oregon and Rhode Island – both require the voter to request a ballot 21 days in advance of election day.

within seven days of the election) that do not provide sufficient time for election offices to generate ballots and for the Postal Service to process and deliver the ballots to voters before the election (see Table 2). Additionally, 14 other states have deadlines (8 to 14 days before election) that put ballots at high risk of not being delivered to voters before an election.¹⁴

Table 2. States with Ballot Request Deadlines Seven Days or Less Before Election Day

Number of Days Before Election Day							
No Deadline	1 day	2 days	3 days	4 days	5 days	6 days	7 days
MS	CT	ME	GA	AL	WV	AR	
NH	DE	OH	LA	IL		CA	
ND	MN		MA	NM		DC	
	MT		MI	WI		HI	
	SD		SC			KS	
	VT					KY	
	WY					MD	
						NJ	
						NY	
						NC	
						OK	
						PA	
						TN	

Source: OIG analysis of USPS legal policy and legislative advice on U.S. Elections Voting Requirements, dated August 3, 2020.

“According to Postal Service management, during the primary election season from June 2, 2020, through August 13, 2020, election boards mailed over 1 million ballots out to voters late.”

According to Postal Service management, during the primary election season from June 2, 2020, through August 13, 2020, election boards mailed over 1 million ballots out to voters late (within seven days of an election).¹⁵ This put these ballots at high risk by not allowing sufficient time for delivery to voters and their subsequent delivery back to the election boards. Specifically:

- Kentucky and New York election boards accounted for 60 percent (over 628,000 ballots) of the ballots sent out late to voters.
- In 11 states, over 44,000 ballots were sent from the election boards to voters the day of or day before the state’s primary election.
- In Pennsylvania, 500 ballots were sent from the election board to voters the day after the election.
- In 17 states, over 589,000 ballots were sent from the election boards to voters after the state’s ballot mailing deadline.

In a recent prior audit¹⁶, we also noted ballots going out to voters being mailed the day of an election. As a result, the ballots were not delivered until after election

day and voters were not able to successfully participate in the election. We also observed similar issues involving Political Mail¹⁷ during our site visit to the Oklahoma City P&DC. We noted a mailer dropping off Political Mail at 5:30 p.m. on the state’s primary election date.

The Postal Service took corrective action to partially address this ongoing issue and created a standardized cautionary notice form¹⁸ for both Election and Political Mail. Now the Postal Service requires¹⁹ mailers to sign these forms acknowledging the Election or Political Mail may not be delivered before the election when it is mailed too close to election day.

Postmarks

Postmarks²⁰ provide an official date stamp for ballots, but ballot postmarking policies vary widely by state (see [Figure 3](#)). In anticipation of an increase in voting by mail during the November 2020 general election, some states have also recently updated their postmark requirements.

- Twenty-nine states do not require postmarks on absentee ballots. In these states, ballots must be received by election officials on election day to count and ballots received after election day are not counted, regardless of the postmark date.
- The remaining 21 states and the District of Columbia require postmarks but have different timeframes for when ballots must be postmarked and received to count.²¹

For more details on postmark requirements, see [Appendix B](#).

¹⁵ For purposes of this review, the Postal Service considered a ballot to be late if it was sent by the election board to the voter within seven days of election day.

¹⁶ *Timeliness of Ballot Mail in the Milwaukee P&DC Service Area* (Report Number 20-235-R20, dated July 7, 2020).

¹⁷ This was campaign mail from a political candidate, not ballots.

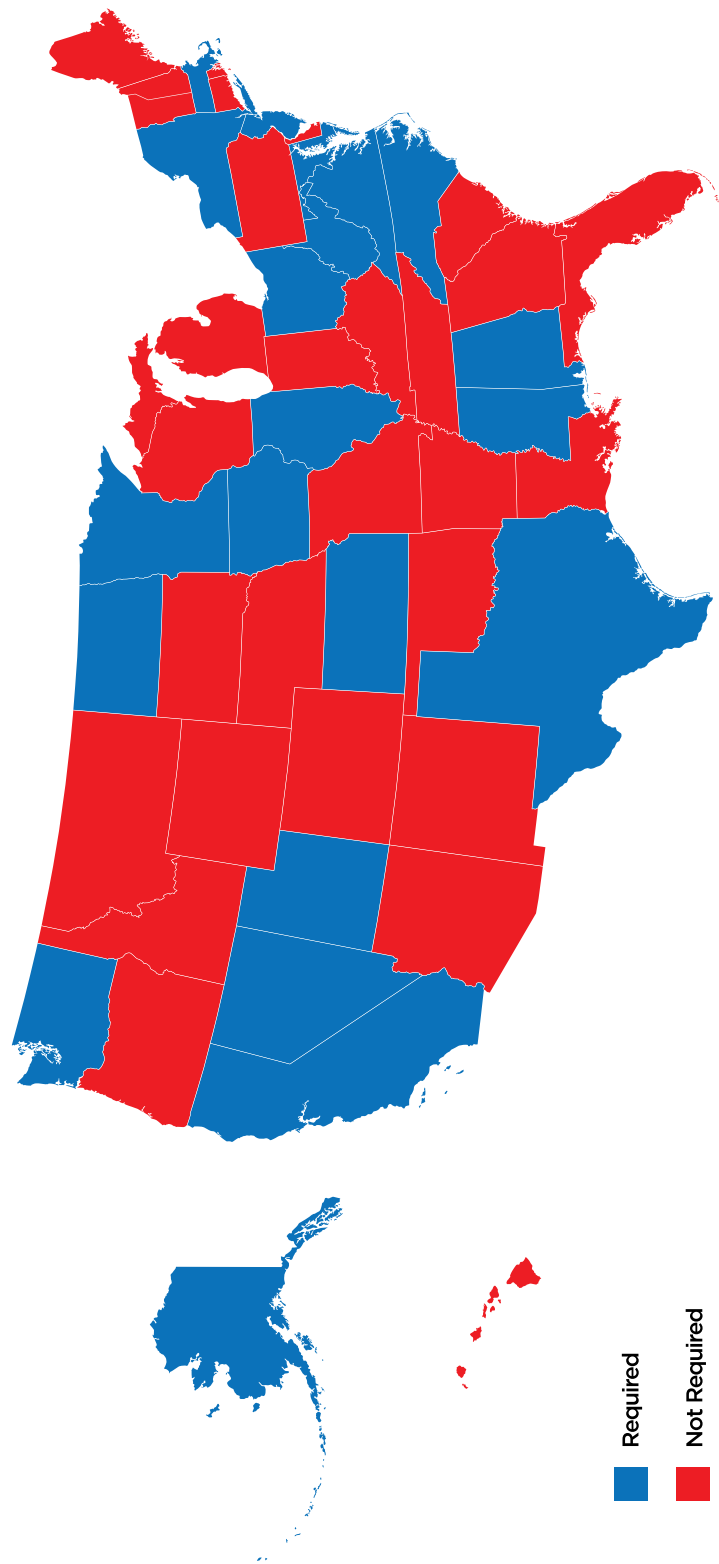
¹⁸ The cautionary notice form is to be used when mail is presented after the recommended final entry date, and includes information such as class of mail, date of mailing, pieces in mailing, and permit holder/number.

¹⁹ The cautionary notice form is required to be completed at locations where mailers drop off mailings. This includes both Business Mail Entry Units (BMEU) and associate offices.

²⁰ A postmark is an official Postal Service imprint applied in black ink on the address side of a stamped mailpiece.

²¹ Two states (Alabama and Utah) require postmarks on all mailed ballots, even if the mailed ballots are received prior to election day.

Figure 3. State Postmark Requirements



Source: OIG analysis of USPS legal policy and legislative advice on U.S. Elections Voting Requirements, dated August 3, 2020.

Addresses

Incorrect voter addresses can cause absentee ballots intended for voters to be returned to election officials as undeliverable. States have different requirements and timeframes for updating their voter registries. People move frequently in the U.S. and often do not contact election officials to inform them of their new address.

States confirm and update voter addresses by sending periodic address confirmation mailings, verifying addresses against the Department of Motor Vehicle's database, or running checks against the Postal Service's National Change of Address (NCOA) files to see if a voter's information has changed. While the Postal Service makes the NCOA database available to all states, only 36 states have chosen to use it. In addition, some states only update

voter address information every two years, and run the risk of using outdated addresses for their registered residents who have moved within that time period.

When mailers, states, and election boards do not follow recommended best practices to prepare, process, and track Election and Political Mail sent to voters, there is an increased risk the mail may not be delivered timely.

Postal Service Actions to Improve Timely Delivery of Election and Political Mail

The Postal Service has frequently communicated to state election officials the importance of ballot mailpiece tracking and design, the required timeframes for processing and delivering mail, and the importance of updating voter addresses.

The Postal Service has designated area and district Political and Election Mail coordinators to conduct outreach to state and local election officials. Some of their responsibilities include educating Election Mail stakeholders on Postal Service best practices and having direct, two-way interaction with state and local officials. The Postal Service also publishes a toolkit²² for election ballots through the mailstream, information on how to contact a mailpiece design analyst, and ensuring voter addresses are up-to-date, accurate, and complete. The Postal Service also issued letters on May 29, 2020 and July 29, 2020, reminding election officials about mailing standards and deadlines. According to Postal Service management, they have had over 39,000 meetings or correspondences with the 50 states, and the District of Columbia, on matters surrounding Election and Political Mail.

Additionally, the Postal Service has altered its normal processes to accommodate for the timely processing of Election and Political Mail and help meet the needs of elections. Specifically:

- The Postal Service is requiring all ballots mailed back from voters to have a postmark including prepaid envelopes that are not normally postmarked.
- The Postal Service often prioritizes Election and Political Mail mailed as Marketing Mail and treats it as First-Class Mail. In addition, the Postal Service has expedited ballots that are mailed too close to election day via Priority Mail Express.²³ In New York, an election board dropped off about 62,000 ballots one day before the primary election. Since New York requires all return ballots to be postmarked by election day, the Postal Service sent all ballots out by express mail to give voters the opportunity to vote.
- The Postal Service does not delay delivery of ballots addressed to an election office due to insufficient postage.
- Prior to election day, the Postal Service adds direct transportation trips to election offices to ensure all outgoing ballots are picked up and processed

timely. For example, for the District of Columbia's June 2, 2020 primary election, the Postal Service agreed to make three pickups (1:30 p.m., 5:00 p.m., and 10:00 p.m.) on May 28 and May 29, 2020 to clear all outgoing ballots.

- On election day, the Postal Service often diverts staff to manually identify and separate absentee ballots to speed up their delivery to election officials and help ensure votes are counted. During our review of the Oklahoma City P&DC, we observed management and employees manually sorting through trays of mail to identify ballots to ensure they were delivered on time. Further, they tasked some employees with driving to county election boards across the state to ensure ballots were delivered on time.

“On election day, the Postal Service often diverts staff to manually identify and separate absentee ballots to speed up their delivery to election officials and help ensure votes are counted.”

Integrating stakeholder processes with the Postal Service's processes is critical to the upcoming election to ensure the timely processing and delivery of ballots. The integration of these processes is dependent on strong relationships between the Postal Service and the approximately 8,880 election boards, as well as the secretaries of state and state election directors. As we have made recommendations in a prior audit²⁴ to address the process integration concerns, and corrective actions are ongoing, we are not making further recommendations regarding these issues. However, there is a need to develop a mail product that more comprehensively addresses the requirements associated with voting by mail and simplifies compliance with those requirements for future election cycles.

²² 2020 Official Election Mail – Kit 600.
²³ Priority Mail Express is the fastest mail service offered by the Postal Service, and includes overnight delivery.
²⁴ *Timeliness of Ballot Mail in the Milwaukee P&DC Service Area* (Report Number 20-235-R20, dated July 7, 2020).
Processing Readiness of Election and Political Mail During the 2020 General Elections
Report Number 20-225-R20

Recommendation #1

We recommend the **Chief Logistics and Processing Operations Officer** leverage established partnerships with state and local election officials to work toward creating a separate, simplified mail product exclusively for Election Mail that would support uniform mail processing, including mandatory mailpiece tracking and proper mailpiece design. Until this new product is developed, continue to prioritize the processing of Election Mail consistent with past practices.

Finding #2: Readiness for Timely Processing

Since our prior audits, the Postal Service has improved internal communication between headquarters and mail processing facilities, and developed online Election and Political Mail training.

However, the amount of identifiable²⁵ Election and Political Mail delivered on time nationwide was about 94.5 percent²⁶ from April 2020 through June 2020, a decrease of 1.7 percentage points when compared to the same period in 2018. See Table 3 for a breakdown of Election and Political Mail scores by mail class.

Table 3. Election and Political Mail Counts and Amount Delivered On Time

Mail Class	April through June 2018			
	Election Mail		Political Mail	
	Count	On Time	Count	On Time
First-Class Mail	3,681,695	97.8%	4,271,464	94.6%
Marketing Mail	35,987,820	95.4%	197,406,056	96.4%

Mail Class	April through June 2020			
	Election Mail		Political Mail	
	Count	On Time	Count	On Time
First-Class Mail	26,914,852	96.1%	4,133,514	89.4%
Marketing Mail	32,973,899	97.1%	168,848,594	93.7%

Source: IV and OIG analysis.

²⁵ It is likely that these figures do not fully represent the total amount of Election and Political Mail, as these mailpieces can only be identified, measured, and tracked by the Postal Service if they have a barcode.
²⁶ This is a composite score calculated from the cumulative total of both Election and Political Mail, as well as First-Class and Marketing Mail.

We found that the seven P&DCs we reviewed that were processing Election and Political Mail for special or primary elections did not always comply with Election and Political Mail readiness procedures. Specifically, it is the Political and Election Mail coordinator’s responsibility to certify that processing facilities and customer service units under their jurisdiction are clear of all committed Election and Political Mail during the specified election timeframe (two weeks before and two weeks after the election).²⁷ The Postal Service has controls and tools in place, such as daily self-audits, clearance checklists, and Election and Political Mail logs, to ensure compliance to their Election and Political Mail readiness procedures, and to assist with its daily all-clear certifications. However, due to unclear guidance the daily all-clear certifications, as well as the checklists and logs, were not always completed as required.

Daily All-Clear Certification

While all seven facilities performed some level of certification that they were clear of Election and Political Mail in their facility at the end of the day, five of the facilities did not fully comply during the two weeks leading up to the election. Specifically, facilities either did not complete, properly complete, or timely complete the daily certification. (see Table 4).

“While all seven facilities performed some level of certification that they were clear of Election and Political Mail in their facility at the end of the day, five of the facilities did not fully comply during the two weeks leading up to the election.”

Table 4. Daily All-Clear Certification Compliance for the 15 Days Reviewed

Facility (P&DC)	Days Not Certified	Days Certified Non-Compliant ²⁸	Days Not Certified Timely
Santa Clarita	0	0	2
Portland	0	0	1
Baltimore	0	0	0
Indianapolis	1	0	0
Charleston	0	0	0
Brooklyn	0	3	0
Oklahoma City	0	0	1

Source: OIG interviews and analysis of documentation received from the facility.

Further, even though the facilities validated that they were clear of all committed Election and Political Mail, we found instances where both types of mail had not been processed. During our site visit at the Oklahoma City P&DC, management indicated they were clear of Election and Political Mail during the morning of the Oklahoma Primary election on June 30, 2020. However, we found two trays of Election Mail ballots (or approximately 200 mailpieces), postmarked on June 29, 2020, on the workroom floor (See Figure 4). As soon as Oklahoma City P&DC management was made aware of the ballots, they immediately had them sent out to the election boards, ensuring they were received on-time.

²⁷ Training, 2020 Election Cycle, provided by Election and Political Mail Program Manager, dated January 15, 2020.
²⁸ Non-compliant means Election and Political Mail scheduled to be delivered the next day remained at the facility.

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Figure 4: Ballots Found on Election Day After All-Clear



Source: OIG photographs taken at Oklahoma P&DC on June 30, 2020 at 6:20 a.m.

In addition, even though the Baltimore P&DC certified that they were clear of Election and Political Mail daily, our audit determined that Political Mail²⁹ received on May 12, 2020, sat unprocessed for five days, resulting in about 68,000 Political Mail mailpieces not delivered on-time. As soon as Baltimore P&DC management discovered the Political Mail, they immediately processed it for delivery.

As previously mentioned, ensuring a facility is clear of Election and Political Mail can be supported by the timely and accurate completion of the Election and Political Mail Audit Checklist, the Operational Clean Sweep Search Checklist, and Election and Political Mail Logs. However, the facilities we reviewed did not always complete, or complete accurately, these checklists and logs. Please see Table 5 for a summary of compliance with these readiness procedures.

Table 5. Summary of Compliance with Readiness Procedures

Facility (P&DC)	Election/Political Audit Checklist – Number of Days Completed out of 15 ³⁰	Used Operational Clean Sweep Search Checklist	Election/Political Mail Log	
			Used Standard Log	Completed Accurately
Santa Clarita	15	No	No	No
Portland	3	No	Yes	No
Baltimore	2	No	No	No
Indianapolis	1	No	No	No
Charleston	14	No	No	No
Brooklyn	6	No	No	No
Oklahoma City	2	No	No	No

Source: OIG interviews and analysis of documentation received from the facility.

²⁹ This was First-Class campaign mail from a political candidate, not ballots.
³⁰ For purposes of this review, we looked at Election and Political Mail Checklists for the two weeks prior to election day, and election day.
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Election and Political Mail Audit Checklist

Six of the seven facilities reviewed did not always complete a daily self-audit checklist of Election and Political Mail readiness for all operations in the mailstream. According to Postal Service guidance³¹, the self-audit must be completed daily and several times during the processing window by the BMEU and Mail Processing. The self-audit checklist verifies readiness to receive and process Election and Political Mail and includes items such as verifying daily all-clear checks, evaluating the setup of a staging area, and logging the arrival of Election and Political Mail.

“Six of the seven facilities reviewed did not always complete a daily self-audit checklist of Election and Political Mail readiness for all operations in the mailstream.”

Operational Clean Sweep Search Checklist

None of the seven facilities reviewed used the Operational Clean Sweep Search Checklist.³² This checklist is to be used in performing a daily Election and Political Mail search and provides a list of minimal areas to check within the mail processing facility such as BMEU, Inbound dock, Opening Units, and Outbound dock.

Election and Political Mail Log

Six of the seven facilities reviewed used their own variation of the Election and Political Mail log. Additionally, none of the seven facilities accurately filled in information required by the standard Election and Political Mail logs. As a result, key information such as mail class, dispatch location from/to, and the date/time it was cleared from the operation, was not documented. According to Postal Service guidance³³, the logs are used to record and track all Election and Political Mail as it moves through the Postal Service’s network and requires thorough and precise documentation. The logs are compared between each operation to ensure all entered mail is processed and delivered timely.

During interviews with Postal Service management, the requirements of who is responsible for completing the audit checklist, and the timeframe of completion was unclear. Some facilities completed the audit checklist daily (including two weeks prior to election day), while others completed it the day before, day of, and day after the election, or completed it at various times throughout the election season.

In addition, the Santa Clarita, Indianapolis, Baltimore, Charleston, and Brooklyn P&DCs self-audit checklists were not completed in their entirety for various reasons; including not answering all the self-audit questions, marking “Not Applicable (N/A)” on questions that should be answered as “Yes” or “No”, or marking “No” to a question and not providing an action plan to correct the deficiency.

All of these issues occurred due to a lack of management oversight and unclear guidance regarding who is responsible for completing all-clear certifications, checklists, and logs, and ensuring issues are resolved, and how often these items should be completed and maintained.

Not completing and using these tools could result in processing delays and lower service performance for Election and Political Mail. The total number of identifiable Election and Political Mail mailpieces not delivered on time from April 2020 through June 2020 for the seven P&DCs was about 1.6 million of 20.2 million mailpieces, or about 8 percent.

³¹ Processing Operations Management Order (POMO) POMO 007-19, *Political and Election Mail Policies and Procedures*, dated August 15, 2019.
³² While the Charleston P&DC did not use the Operational Clean Sweep Search Checklist, they did create their own facility-specific checklist that they used during their daily searches.
³³ POMO 007-19, *Political and Election Mail Policies and Procedures*, dated August 15, 2019.

Postal Postmarking Process

Postmarks are not required on all mailings³⁴ and are intended to be a revenue protection mechanism to prevent the reuse of postage; however, the Postal Service has directed³⁵ personnel to postmark all ballots to assist state election boards. While we understand that no postmarking process is infallible, we did identify issues that occurred in the Northeast Area during the time of our audit that require attention. Specifically, in one county in New York — a state that requires a postmark — about 4,200 ballots did not receive a postmark. In this case, as well as others, ballots may not receive a postmark due to: (1) envelopes sticking together when processed on a machine; (2) manual mail processing; or (3) personnel unaware that all return ballots, even those in prepaid reply envelopes, need to receive a postmark. Further, in the Albany District, a delivery unit was unsure of what to do when they received ballots from a mail processing facility without a proper postmark date. Without a postmark on return ballots mailed by voters, a ballot could be rejected and a vote not counted.

The Postal Service reissued guidance on July 29, 2020 and held a webinar reiterating to employees that all ballots sent by voters must have a postmark. The Postal Service is also currently evaluating the proper postmarking procedures for situations where a ballot is received at a delivery unit with no postmark, but there is evidence that it was processed by the Postal Service on or before election day. Therefore, we are not making a recommendation regarding this issue.

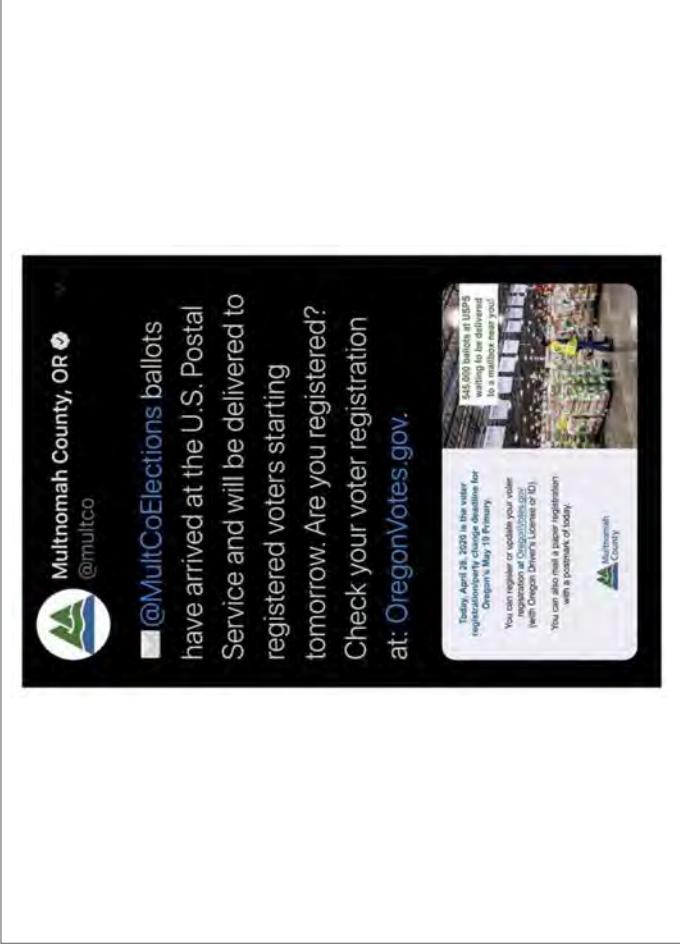
Best Business Practices

We identified several best practices employed by the Postal Service and election offices at various locations to improve timely processing of Election and Political Mail. These practices include:

“The Postal Service has directed personnel to postmark all ballots to assist state election boards.”

- Mail processing facilities in the Western and Pacific areas obtaining an estimate of Election and Political Mail volume and mailing dates in advance from mailers to help plan for potential staffing requirements. For example, Portland P&DC management were notified ahead of time by election officials of the mailpiece/pallet count of a planned Election Mail drop. This helped to ensure the facility was prepared for increased mail volume, including appropriate staffing. Election officials also notified voters via social media of the voter registration deadline and 545,000 ballots delivered to the Postal Service facility that were ready for processing (see Figure 5).

Figure 5. Social Media Notification from Oregon Election Officials



Source: Portland P&DC management photograph taken May 2020.

- Mail processing facilities in the Capital Metro, Eastern, Great Lakes, and Pacific areas obtaining sample ballot envelopes ahead of elections, which

³⁴ Postmarks are not required on mailings bearing a permit, meter, or precanceled stamp for postage, nor to pieces with an indicia (i.e. marking on a mailpiece showing that postage has been prepaid by the sender).
³⁵ David E. Williams (April 23, 2018), Postmarks on Ballots [Memorandum], United States Postal Service.

allowed plant management to test them in mail processing machines. This enabled mailpiece design analysts to identify potential issues and inform printers of concerns prior to Election and Political mailings being printed.

- The Portland and Brooklyn P&DCs using work floor monitors to display important Election and Political Mail information, such as upcoming election dates and deadlines.
- The state of Colorado using an independent contractor to track ballots and alert voters during each step of the voting process – from ballot printing to acceptance by election officials. These services require close coordination with state election offices, county election offices, printers, and the Postal Service. However, once this integration occurs, it can provide real-time, comprehensive data for better forecasting and planning.

“This will make identifying return ballots easier for the Postal Service, election officials, and voters.”

- Oklahoma election officials creating green absentee ballot return envelopes they plan to use in the November 2020 general elections. This will make identifying return ballots easier for the Postal Service, election officials, and voters.

Recommendation #2

We recommend the **Chief Logistics and Processing Operations Officer** ensure mail processing facilities perform an accurate daily certification that they are clear of Election and Political Mail using the Operational Clean Sweep Search Checklist.

Recommendation #3

We recommend the **Chief Logistics and Processing Operations Officer** clearly define roles, responsibilities, and oversight to ensure that the Political and Election Mail Audit Checklist is completed; and define timeframes for completion during election season.

Recommendation #4

We recommend the **Chief Logistics and Processing Operations Officer** ensure mail processing facilities use and maintain the standardized Election and Political Mail log for each operation.

Recommendation #5

We recommend the **Chief Logistics and Processing Operations Officer** implement best practices identified during our audit and continue educating election officials on identified best practices to increase nationwide Election and Political Mail readiness.

Management’s Comments

Management generally agreed with the findings and recommendations 2 through 4. Management partially agreed with recommendations 1 and 5. See [Appendix C](#) for management’s comments in their entirety.

Regarding finding 1, management stated that each item listed, with the exception of postmarking, are outside the authority and control of the Postal Service.

Election officials in each state or jurisdiction are responsible for deciding whether to put tracking barcodes on ballot envelopes, proper mailpiece design, mailing dates, and maintaining updated voter addresses. Management added the Postal Service will do everything it can to deliver ballots on time and will commit additional resources in the weeks before the election.

Regarding finding 2, management stated they agree that the audited facilities did not fully comply with instructions for completing required checklists, logs, and audits.

Regarding recommendation 1, management stated they agree to continue ensuring that Election Mail, regardless of mail class, moves through the network expeditiously. Management added they will advance the processing of Election Mail Marketing Mail by utilizing available visibility tools. However, management disagreed with the recommendation to create a separate Election Mail product for the 2020 general election. Management stated the Postal Service does not have sufficient time to develop a new product and complete necessary regulatory reviews prior to the 2020 general election. Management added that undertaking

such a significant change this close to the election would also likely cause unnecessary confusion. In subsequent correspondence with management, they agreed to evaluate adding a dedicated mail product for Election Mail after the 2020 general election. Management stated this action would involve the regulatory environment, so the actual adoption and implementation of the product is unknown at this time. Management stated that they would provide an update on the adoption and implementation status by September 30, 2021.

Regarding recommendation 2, management stated they will update the instructions for the daily all clear certifications to ensure the Operational Clean Sweep Search Checklist is used to validate the all clear check. The target implementation date is September 4, 2020.

Regarding recommendation 3, management stated they will assign defined roles, responsibilities, and oversight for the Political and Election Mail Audit Checklist and distribute it to the field, along with timeframes for completing the checklist during election season. The target implementation date is September 4, 2020.

Regarding recommendation 4, management stated they will redistribute the Election and Political Mail log and require all mail processing facility employees to use it. The target implementation date is September 4, 2020.

Regarding recommendation 5, management stated they partially agree with the recommendation. They agree that Political and Election Mail coordinators should work to obtain an estimate of volumes and drop-off dates in advance of an election. Management added they will also ask coordinators to obtain sample ballots to test ahead of the general election, but noted that election officials may not be able to correct issues found in a test if it's too close to the general election. Management also agreed they should use facility monitors to display Election and Political Mail information; however, they did not agree to implement best practices in areas outside of the Postal Service's control, such as election offices where independent contractors track ballots or colored ballot return envelopes for easy identification. Management stated the Postal Service will continue to educate election officials about its existing recommendations and best practices for both

tracking and increasing the visibility of ballots in the network. In subsequent correspondence with management, they stated they would implement these best practices and provided a target implementation date of September 4, 2020.

Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendations and corrective actions should resolve the issues identified in the report.

Regarding recommendation 1, the OIG acknowledges that there is insufficient time before the next general election on November 3, 2020, for the Postal Service to create a separate Election Mail product. In subsequent correspondence with management, they agreed to evaluate adding a dedicated mail product for Election Mail after the 2020 general election. Therefore, we consider the Postal Service's planned actions to be responsive to the recommendation and will monitor the progress of implementing this separate Election Mail product.

Regarding recommendation 5, the OIG acknowledges that the Postal Service does not have the ability to implement best practices outside of its control. However, the Postal Service does have the ability to educate state and local election officials of these best practices during its extensive outreach. Management did agree that Political and Election Mail coordinators should work to obtain estimated volumes and mailing dates in advance of an election and obtain sample ballots to test ahead of the general election, and that facility monitors should be used to display Election and Political Mail information. Therefore, we consider the Postal Service's planned actions to be responsive to the recommendation.

All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. All recommendations should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendations can be closed.

Appendices

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Appendix A: Additional Information

Scope and Methodology

The scope of our audit was Election and Political Mail processing for the 2020 primary, special, and general elections. To accomplish our objective, we:

- Analyzed Postal Service data on Election and Political Mail service performance from April to June 2020, comparing to the same period in 2018.
- Reviewed the Postal Service’s Election and Political Mail processing strategy, policies, procedures, and related documents and tools, including guidance provided on the Postal Service’s Election and Political Mail website.

- Judgmentally selected and reviewed seven P&DCs, one from each Postal Service area, to assess actions taken in preparation of elections; best practices; compliance with Election and Political Mail policies; and opportunities for improvement. We selected the facilities based on their service performance scores from October 2018 to March 2020 and if elections were occurring within their service areas.

- Interviewed Postal Service Headquarters and area officials, and members of the

“Judgmentally selected and reviewed seven P&DCs, one from each Postal Service area.”

Political Mail Strike/Strategy Team³⁶ and Political Mail Steering Committee³⁷, regarding actions taken in response to prior audits, challenges, lessons learned, and best practices in the processing of Election and Political Mail.

- Interviewed state election officials from Indiana, Oklahoma, and West Virginia regarding results, challenges, and lessons learned from vote by mail during the primary election.

We conducted this performance audit from April through August 2020 in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our finding and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our finding and conclusions based on our audit objective. We discussed our observations and conclusions with management on August 18, 2020, and included their comments where appropriate.

We assessed the reliability of computer-processed data from IV by interviewing agency officials knowledgeable about the data, and comparing the data with other related data. We determined that the data were sufficiently reliable for the purposes of this report.

³⁶ The Political Mail Strike/Strategy Team works closely with Postal Service operations and major mailers, and communicates and shares information with customers at the federal, state, and local levels.
³⁷ The Political Mail Steering Committee is a cross-functional team that began in 2012 to address concerns from members of Congress, state election officials, mailers, and customers about network rationalization and its perceived impact on Election and Political Mail.

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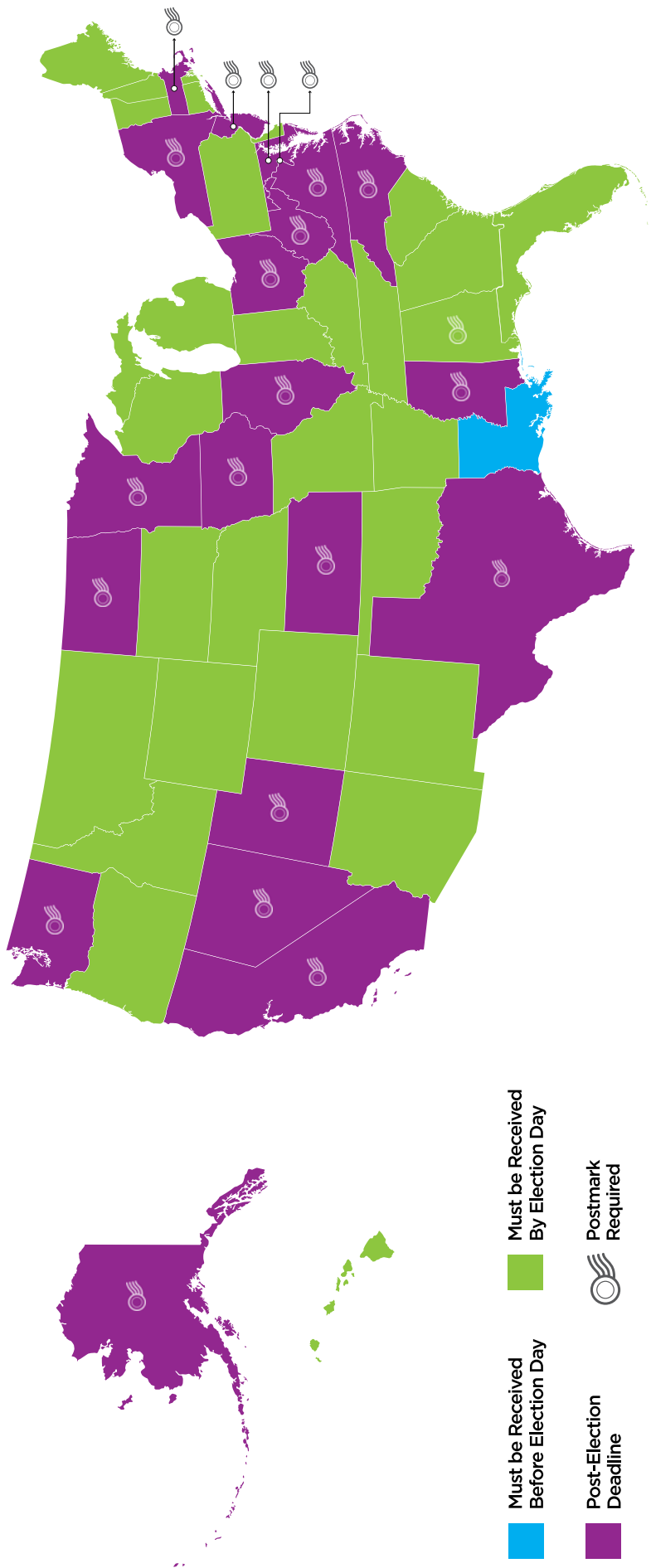
Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact
<i>Management Alert - Timeliness of Ballot Mail in the Milwaukee Processing & Distribution Center Service Area</i>	Determine the cause of delayed ballot mail in the Milwaukee, WI P&DC service area for the spring election and presidential preference primary of April 7, 2020.	20-235-R20	7/7/2020	None
<i>Service Performance of Election and Political Mail During the 2018 Midterm and Special Elections</i>	Evaluate the Postal Service's performance in processing Election and Political Mail for the 2018 midterm and special elections.	19XG010NO000-R20	11/4/2019	None
<i>Processing Readiness for Election and Political Mail for the 2018 Midterm Elections</i>	Evaluate the Postal Service's readiness for timely processing of Election and Political Mail for the 2018 Midterm Elections.	NO-AR-18-007	6/5/2018	None

Appendix B: Postmark Requirements by State

Postmarking provides an official date stamp for ballots, but ballot postmarking policies vary widely by each state. One state, Louisiana, does not require a postmark but does require mailed ballots to be received the day before the election. Another 28 states require mailed ballots to be received by close of election day with no postmark requirement. Finally, 21 states and the District of Columbia have various postmark deadlines that allow mailed ballots to be received on election day or 1 to 21 days after the election and still be counted (see Figure 6 and corresponding Table 6). Of these, Alabama, Iowa, North Dakota, Ohio, and Utah require ballots to be postmarked the day before the election, while the others require the ballots to be postmarked by election day.

Figure 6. State Postmark and Deadline Requirements for Returning Ballots



Source: OIG analysis of USPS legal policy and legislative advice on U.S. Elections Voting Requirements, dated August 3, 2020.

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Table 6. States with Postmark Requirement and When Ballot Must be Received

Election Day	Days After Election Day									
	1	2	3	5	6	7	10	14	17	21
AL ³⁸	TX	NJ	KS, MA, NC, VA	MS	IA, ND, WV	DC, MN, NV, NY	AK, MD, OH	IL, UT	CA	WA

Source: OIG analysis of USPS legal policy and legislative advice on *U.S. Elections Voting Requirements*, dated August 3, 2020.

³⁸ Ballots mailed in Alabama must be postmarked prior to Election Day, and received by mail no later than noon on election day.
Processing Readiness of Election and Political Mail During the 2020 General Elections
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Appendix C: Management's Comments

DAVID E. WILLIAMS
CHIEF LOGISTICS AND PROCESSING OPERATIONS OFFICER
EXECUTIVE VICE PRESIDENT



August 27, 2020

LAZERICK POLAND
DIRECTOR AUDIT OPERATIONS

SUBJECT: Project Number 20-225-DRAFT
Processing Readiness of Election and Political Mail During the 2020
General Election

Thank you for the opportunity to review and comment on the Office of Inspector General (OIG) audit, *Processing Readiness of Election and Political Mail During the 2020 General Election*. The audit found that the timely delivery of Election and Political Mail is necessary to ensure the integrity of the U.S. election process, and that there is an increased risk that Election and Political Mail sent to voters may not be delivered timely when mailers, states, and election boards do not follow the Postal Service's recommended best practices to prepare, process, and track such mail. The audit also made recommendations to improve compliance with certain checklist, audit, and log procedures for Election and Political Mail.

Management largely agrees with the audit's findings and recommendations, and we reiterate our commitment to efficiently process the nation's Political and Election Mail and to timely deliver such mail. We understand, and continue to take great pride in, our important role in the electoral process. As the audit suggests, the success and integrity of the election depends on close coordination within the organization and partnerships and cooperation between the Postal Service and state election officials, and also requires ensuring that voters have a general understanding of how the mail works. To that end, we will continue reiterating our basic message throughout the election season: that voters who choose to participate in the upcoming elections by mail (1) request their ballots as early as possible, but at least fifteen days before Election Day, and (2) mail their completed ballots at least seven days before the election. We will continue to leverage partnerships and conduct outreach so that voters receive this basic message.

However, we disagree with OIG's recommendation that the Postal Service should create a new Election Mail product for the 2020 General Election. The Postal Service also does not agree that it should be responsible for those recommendations or findings that fall under the ultimate control of election officials, and, therefore, are outside of the Postal Service's authority.

Finding # 1: Stakeholder-Related Election Mail Issues

Management largely agrees with the intent of the audit's findings on Stakeholder-Related Election Mail Issues. However, each of the listed findings, with the exception of postmarking, is outside the authority and control of the Postal Service. Election officials in each state or

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jurisdiction are ultimately responsible for mailpiece design, mailing dates, maintaining updated voter addresses, and deciding whether to include an Intelligent Mail barcode or other tracking technology. On each of these matters, the Postal Service makes strong recommendations to assist election officials, but the ultimate responsibility for choosing to adopt our recommendations lies with the election officials, not the Postal Service.

The Postal Service has clearly and repeatedly made recommendations to election officials to include the Intelligent Mail Barcode on all Election Mail envelopes, including ballot envelopes, and to consult with a Mailpiece Design Analyst before printing Election Mail envelopes. These recommendations were made in the 2020 Official Election Mail Kit (Kit 600), which was distributed to 11,500 election officials in March; the General Counsel's letter in May to local and state election officials and state party officials, highlighting key aspects of Election Mail delivery processes; and during our outreach meetings. A Mailpiece Design Analyst has also been assigned to each state to help work with election officials to design proper pieces to aid processing. Despite the Postal Service's extensive outreach efforts, election officials have the final decision regarding whether to use barcode mail tracking technology on their ballots, and regarding the final design for ballot envelopes—including using designs that have been deemed "Not Recommended" or "Disapproved" by a Mailpiece Design Analyst.

The Postal Service shares OIG's concern that mailers, election boards, and voters are likely to mail Election and Political Mail too close to an election. The Postal Service will do everything it can to deliver ballots on time, and will commit additional resources to that effort in the weeks before the election, but we are urging the public to plan ahead and act early. The July letters from our General Counsel were intended to ensure that election officials and voters are mindful of how the mail works, since state election deadlines often do not consider our delivery standards. This awareness is particularly important given the anticipated increase in mail-in voting during the COVID-19 pandemic, especially in those jurisdictions that are less experienced with handling high volumes of mail-in ballots and that are trying to implement new election rules and requirements.

As noted above, our key recommendations are that voters who choose to use the mail to participate in the election should (1) request their ballot at least fifteen days before the election, to ensure that they have enough time to receive the ballot, complete it, and then mail it back to the elections office, and (2) place their completed ballot in the mail at least seven days prior to the election. While we will continue to stress these recommendations, the Postal Service does not control when election officials or voters enter mail into the mailstream.

The Postal Service also understands that each state has its own election laws, including whether or not a mail-in ballot must be postmarked by a certain date to be counted. In recognition of the importance that the election laws in some states place on postmarks, it has been the Postal Service's policy to postmark all ballots, regardless of the postage-payment method. The Postal Service has supported this policy by convening a Postmark Team that has worked to identify and correct potential process deficiencies, and has updated Processing Operations Management Orders, Stand Up Talks, and Standard Work Instructions. Additionally, the Postal Service has assigned Ballot Monitors in every processing facility to monitor the postmarking process and ensure all processes are being adhered to properly with a goal to minimize any missed postmarks on ballots. Further, to

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increase the operational likelihood that a mailpiece will receive a legible postmark, we advise election officials to use automation-compatible, letter sized envelopes for mail-in ballots. Voters should also be aware of posted collection times on collection boxes and the Postal Service's retail facilities. Ballots deposited after the last posted collection time will not be picked up, or postmarked, until the following business day. If voters choose to mail their completed ballot back to election officials, we recommend they do so at a blue collection box, their residential mailbox, or at one of the Postal Service's retail facilities.

Finally, while the Postal Service understands the importance of quality, up-to-date voter address lists, maintenance of such lists is completely controlled by election officials.

Finding #2: Readiness for Timely Processing

Management agrees with the finding on Readiness for Timely Processing. As noted below, we agree that the audited facilities did not fully comply with instructions for completing required checklists, logs, and audits. The Postal Service will update and reissue instructions for these items, and certify full compliance in completing required checklists, logs, and audits. We will also ensure the official log sheet is used in lieu of local modifications.

In addition, as noted above, the Postal Service has undertaken actions to improve the operational likelihood that ballot mail will receive a postmark. The Postal Service will update the OIG when a decision is made on how to handle mail found in a delivery unit that has not been postmarked.

Recommendation 1

OIG recommends the Chief Logistics and Processing Operations Officer leverage established partnerships with state and local election officials to work toward creating a separate, simplified mail product exclusively for Election Mail that would support uniform mail processing, including mandatory mailpiece tracking and proper mailpiece design. Until this new product is developed, continue to prioritize the processing of election mail consistent with past practices.

Management Response

Management partially agrees with the intent of this recommendation. Management agrees to continue ensuring that all Election Mail, of whatever class it is entered, moves expeditiously through our network, consistent with our past practices. We do this by primarily by advancing Election Mail Marketing Mail volume through the processing system quickly and by utilizing the available visibility tools. As noted in the audit, near Election Day the Postal Service will also separately undertake Herculean efforts outside of our normal procedures to make sure ballots meet state deadlines, even where they are mailed close to or on Election Day. We will continue these efforts in this election, and will devote additional standby resources to ensure the timely delivery of Election Mail as needed.

To be clear, although Election Mail Marketing Mail volume often receives a speed of delivery similar to First-Class Mail, the Postal Service does not literally treat Marketing Mail as First-Class Mail. As an example, First-Class Mail, unlike Marketing Mail, is sealed against inspection and includes automatic forwarding. The Postal Service cannot unilaterally

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reclassify Marketing Mail volume as First-Class Mail. As stated in the 2019 Management Response to NO-AR-19, *Service Performance of Election and Political Mail During the 2018 Midterm and Special Elections Audit*, the Postal Service handles Election and Political Mail "in accordance with the level of service for which postage has been paid." However, in terms of delivery speed itself, we continue to recognize the importance and time-sensitivity of Election Mail, and do advance Election Mail Marketing Mail volume through the system expeditiously such that the delivery timeframes often match those of Election Mail entered as First-Class Mail. We will continue this practice.

We disagree with the recommendation to create a separate Election Mail product for the 2020 General Election. We understand that the purpose of this investigation is to recommend actions that can be implemented for the 2020 General Election. The Postal Service does not have sufficient time to develop a new product and complete the necessary regulatory reviews prior to the 2020 General Election. Even if the Postal Service could complete the required regulatory reviews prior to November 3, 2020, such review could not be completed before election officials finalize their mailpieces and begin sending them to voters. Undertaking such a significant change this close to the election would also likely cause unnecessary confusion.

Target Implementation Date

Completed.

Recommendation 2

OIG recommends the Chief Logistics and Processing Operations Officer ensure mail processing facilities perform an accurate daily certification that they are clear of Election and Political Mail using the Operational Clean Sweep Search Checklist.

Management Response/Action Plan

Management agrees with this recommendation. We will update the instructions for the All Clear checks to ensure that the Operational Clean Sweep Search Checklist is used to validate the All Clear check before submission.

Target Implementation Date

September 4, 2020

Responsible Official

██████████ Director Election Mail

Recommendation 3

OIG recommends the Chief Logistics and Processing Operations Officer clearly define roles, responsibilities, and oversight to ensure that the Political and Election Mail Audit Checklist is completed; and define timeframes for completion during election season.

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Management Response/Action Plan

Management agrees with this recommendation. Defined roles, responsibilities, and oversight for the Political and Election Mail Audit Checklist will be assigned and distributed to the Field, including timeframes for completion during the election season.

Target Implementation Date

September 4, 2020

Responsible Official

██████████ Director Election Mail

Recommendation 4

OIG recommends the Chief Logistics and Processing Operations Officer ensure mail processing facilities use and maintain the standardized Election and Political Mail log for each operation.

Management Response/Action Plan

Management agrees with this recommendation. While some processing centers have modified the Election and Political Mail log for their local teams over the past several years, the Postal Service will redistribute the original log and require all processing centers to use the official version.

Target Implementation Date

September 4, 2020

Responsible Official

██████████ Director Election Mail

Recommendation 5

OIG recommends the Chief Logistics and Processing Operations Officer implement best practices identified during our audit and continue educating election officials on identified best practices to increase nationwide Election and Political Mail readiness.

Management Response/Action Plan

Management partially agrees with this recommendation. The Postal Service has engaged in extensive outreach with state and local election officials to educate them on the Postal Service's recommendations and best practices and will continue these outreach efforts through the 2020 General Election. Management agrees that Political and Election Mail Coordinators should work to obtain an estimate of volumes and drop off dates in advance. Additionally, we will also ask Coordinators to obtain sample ballots to test ahead of the

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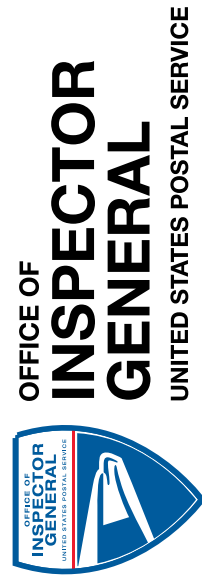
General Election. However, it should be noted that the Postal Service and election officials may not be able to remedy all issues found in a test close to the General Election. Management also agrees that Informed Facility monitors should be used to display Election and Political Mail information, including key dates.

However, management does not agree to implement the best practices in areas outside of the Postal Service's control. Specifically, Management does not agree on the recommended best practices of using independent contractors to track ballots or using colored absentee ballot return envelopes to make identifying ballots easier. Instead, the Postal Service will continue to educate election officials about its existing recommendations and best practices for both tracking and increasing the visibility of ballots in our network. The Postal Service recommends that election officials include the Intelligent Mail barcode on all Election Mail, which can provide election officials near-real time tracking information and other intelligence through Informed Visibility Mail Tracking & Reporting data. The Postal Service also recommends the use of the Official Election Mail logo and Tag 191 to identify ballots.



David E. Williams
Chief Logistics and Processing Operations Officer
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cc: Manager, Corporate Audit Response Management



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EXHIBIT 5

Aug. 21, 2020 Revised Final

Senate Homeland Security and Governmental Affairs Committee Holds Hearing on USPS Operations During COVID-19 and the Elections

LIST OF PANEL MEMBERS AND WITNESSES

JOHNSON:

Good morning. This hearing will come to order. I want to start by thanking Postmaster General DeJoy first for making himself available on such short notice and second, for taking on the very thankless task of trying to maintain the United States Postal Service as a financially viable entity.

Unfortunately, he has found out over the last few weeks that not only is it a thankless task but he has already been subjected to character assassination as Democrats have put him in the crosshairs of another hyperbolic false narrative perpetrated to gain political advantage. I hope we can stick to the facts in this hearing today.

One fact that needs to be highlighted to refute one part of the false narrative is that the postmaster general was not appointed by President Trump. The bipartisan postal board of governors engaged in a professional search firm that identified Louis DeJoy as an outstanding candidate with the necessary background and skill set to tackle the enormous challenges facing the postal system. The bipartisan governors then unanimously--again, let me repeat that, they unanimously approved his appointment as postmaster general.

Mr. DeJoy reports to the board not to the president. Another false narrative that is provide another false narrative is that a failure to provide funding to the Postal Service will undermine the election. The Postal Service currently has \$15.1 billion in cash on hand following a better than expected financial performance during the pandemic.

Due to a surge in package delivery rather than being down the Postal Services revenue is actually \$1.5 billion higher this year than during the same period last year. As said the long-term financial reality of

the postal system is bleak and has been bleak for years. The main reason is that first-class mail volume has declined dramatically with the advent of the Internet.

Because the postal system is constrained by a host of legislative requirements it does not have the flexibility a private sector entity would have to deal with the dramatic reduction in the demand for its products.

Now in a perfect world the postal system would have funded its long-term pension retired healthcare liabilities as they were incurred. Because they didn't those unfunded liabilities now total \$120 billion. Unfortunately the 2006 postal reform bill did not ensure long-term financial viability and in this attempt to address the unfunded liability problem it depleted the postal system of cash had arbitrarily turned long-term liabilities into short-term liabilities on this balance sheet.

Subsequent attempts at reform have largely proposed a taxpayer bailout. The cost of these proposals is generally understated based on CBO's 10 year scoring requirement which misleadingly characterizes a \$48.8 billion bailout is only costing \$10.7 billion over 10 years. These proposals also lack the full range of structural reforms that will be required to ensure the long-term viability of the system. For years GAO and inspectors general's reports have recommended reform that at best have only been partially implemented.

One of the most costly inefficiencies that have been repeatedly highlighted in these reports is the out of control use and payment of overtime. To its credit this is a postmaster DeJoy began implementing shortly after his employment. According to an inspector general report issued the day Postmaster DeJoy was sworn in a post office spent \$4 billion in Fiscal Year 2019 and mail processing and delivery over time and penalty over time cost. Those over time cost represent 45 percent of the postal systems \$8.8 billion loss for last year.

As Postmaster DeJoy's commendable attempt to reduce those excess cost are now being cynically used to create this false political narrative. According to Democrats the postmaster is trying to sabotage the postal system to disenfranchise voters in the upcoming election. Notices that were sent me for he was sworn in meant to inform election officials to factor in normal postal capabilities in setting their ballot deadlines are being used as evidence of this conspiracy theory and a willing media is once again aptly playing along.

On average the postal system delivered 2.6 billion pieces of knowledge package mailed per week in 2019 because of COVID the postal systems first-class weekly volume is down 17 percent this year to

date. Even if every voter use mail-in balloting that would be approximately 150 million pieces of mail or less than 6 percent of weekly volume. As long as election officials factor in normal postal delivery capabilities and (INAUDIBLE) 17 percent decline in weekly volume the postal system has more than enough excess capacity to handle mail-in balloting so again I want to thank Postmaster General DeJoy for his appearance today, for his service and I look forward to your testimony. Senator Peters?

PETERS:

Well, thank you Mr. Chairman. Mr. DeJoy I certainly appreciate you joining us here today and as you can imagine we have a lot of questions for you. We are in the middle of unprecedented pandemic. We are experiencing one of the nation's worst health and economic crises and now we are facing a email crisis and we are just months away from an election where we expect record numbers of Americans to vote by mail.

For many communities in Michigan and across the country the Postal Service has always been a lifeline especially for the communities where private carriers simply don't deliver, whether folks are receiving important medications, financial documents, critical home supplies or simply trying to stay in touch with their loved ones the Postal Service has always delivered. Mr. DeJoy I don't think you have. You have not delivered in this brief tenure so far.

For more than two centuries of Americans have been able to count on the Postal Service and in less than two months as Postmaster General you have undermined one of our nation's most trusted institutions and wreaked havoc on families on veterans, seniors, rural communities and on people all across our country. The operational changes you implemented without consulting with your customers or the public have caused significant delays, delays that have heard people across the nation, delays that come at a time when people depend on reliable service now more than ever.

In July I started hearing reports about how severely your changes were slowing down the mail. I ask you for answers but it wasn't until I launched an investigation that you admitted that you had directed these changes yourself and despite multiple requests it took more than one month to respond directly and I am still not satisfied with those explanations.

You have brushed off these delays calling them inevitable, a side effect of your vision for the Postal Service but let me tell you about the people who are forced to bear the brunt of your decisions. Beth from Ada, Michigan, works for a company that produces educational materials for healthcare

workers. Beth's companies started seeing serious delivery problems then switch to overnight shipping which has almost doubled their shipping cost and between these delays and the pandemic they have had to lay off multiple employees to help absorb these costs.

Mary from Redford said her daughter has been getting her epilepsy medication through the mail usually in three, four days but because of changes you ordered her latest refill shipped on July 20 and it took nine days, nine days to be delivered.

When Mary's daughter realize the medication wasn't going to arrive on time she tried to rush and what--what few pills that she had left and as a result she suffered seizures and was transported to a hospital.

These are just a few of my constituents who have shared their stories as part of my investigation. I have received more than 7500 reports of delays from people across Michigan and across the country in just two weeks. They have written to me about skipping doses of their medication and their small businesses losing customers are having to lay off employees all because of changes that you directed.

Mr. Chairman, I move to enter into the hearing record an update on what my investigation is finding.

JOHNSON:

Without objection.

PETERS:

Mr. DeJoy your decisions have cost Americans their health, their time, their livelihoods, and their peace of mind. I believe you owe them an apology for the harm you have caused and you owe all of us some very clear answers today. The country is anxious about whether the damage you have inflicted so far can be quickly reversed and what other plans you have in store that could further disrupt reliability and timely delivery from the Postal Service. If you plan to continue pursuing these kinds of changes I think my colleagues and many of our constituents will continue to question whether you are the right person to lead this indispensable institution. Thank you.

JOHNSON:

It is the tradition of this committee to swear in witnesses so Mr. DeJoy you will raise your right hand. Do you swear the testimony you will give before this committee will be the truth, the whole truth, and

DEJOY:

I do.

JOHNSON:

Thank you. Mr. Louis DeJoy has it served as the Postmaster General since 2000--June 2020. Prior to his unanimous selection and appointment by the bipartisan Postal Service Board of Governors, he spent more than 35 years developing and managing a successful nationwide logistics company as chairman and CEO of New Breed Logistics.

Beginning in 2014, Mr. DeJoy served as the CEO of XPO Logistics supply chain business in the Americas. After his retirement in 2015, he joined the boards--the company's board of directors where he served until 2018. Mr. DeJoy.

DEJOY:

good morning, Chairman, Ranking Member Peters, and members of the committee. Thank you, chairman Johnson, for calling this hearing. I'm proud to be with you today on behalf of the 630,000 dedicated men--women and men of the United States Postal Service.

On June 15th, I became America's 75th postmaster general. I did so because I believe the Postal Service plays a tremendously positive role in the lives of the American public and the life of the nation. I also welcome the opportunity to lead this organization because I believe there is an opportunity for the Postal Service to better serve the American public and also to operate in the financially sustainable manner.

Congress established the Postal Service to fulfill a public service mission to provide prompt, reliable, and universal services to the American public in an efficient and financially stable sustainable fashion.

Our ability to fulfill that mandate in the coming years is at fundamental risk. Changes must be made to ensure our sustainability for the years and decades ahead. Our business model established by the Congress requires us to pay our bills through our own efforts. I view it as my personal obligation to put the organization in the position to fulfill that mandate. With action from the Congress and our regulator and significant effort by the Postal Service, we can achieve this goal.

This year, the Postal Service will likely report a loss of more meant \$9 billion. Without change, heart lawsuits will only increase in the years to come. It is vital that Congress enact reform legislation that address is our unaffordable retirement payments. Most importantly, Congress must allow the Postal Service to integrate our retiree health benefits program with Medicare, which is a commonsense practice followed by all businesses that still offer retiree health care.

It also must rationalize our function--pension funding payments. Legislative actions have been discussed and debated for years, but no action has been taken. I urge the Congress to expeditiously enact these reforms.

I also urge the Congress to enact legislation that would provide the Postal Service with financial relief to account for the impacts of the COVID-19 pandemic on our find financial condition. The Postal Regulatory Commission began a mandated review of our pricing system four years ago. It has been three years since the Commission concluded that our current system is not working. We urgently we urgently require the PRC to do its job and establish a more rational regulatory system for our mail products.

Had the Congress and PRC fulfilled their obligations to the American public concerning the Postal Service, I am certain that much of our \$80 billion and cumulative clauses since 2007 could have been avoided. And that our operational and financial performance would not now be in such jeopardy. The Postal Service must also do its part. We must adapt to the realities of our marketplace, generate more revenue and control our cost. I believe we can chart a path for our business to--that accomplishes these goals.

In my 67 days as Postmaster General, I have also had the chance to observe that many hidden strengths of the organization and appreciate our critical mission of service to the American public. Despite our deep, longstanding financial problems, there is an incredible strong base to build upon and a tremendous desire of the public for the Postal Service to succeed.

As we head into the election season, I want to assure this committee and the American public that the Postal Service is fully capable and committed to delivering the nation's election mail securely and on time. This sacred duty is my number one priority between now and Election Day. Mr. Chairman, women and men of the Postal Service have been--have demonstrated extraordinary commitment for our mission throughout the COVID-19 pandemic.

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In every community in America, we continue to work to keep our employees and customers safe as we fulfill our essential role delivering medications, benefit checks, and financial statements the public depends upon. Since the beginning of the pandemic, there has been a public outpouring of support to Postal employees as they performed their essential service throughout the nation. This is a well-deserved testament to their dedication.

Mr. Chairman, ranking member Peters, I look forward to working with you and this committee and our stakeholders to restore the financial health of the United States Postal Service and to improve the way we serve the American public. This concludes my remarks and I welcome any questions that you and the committee may have.

JOHNSON:

Well, thank you for that opening statement, Mr. Postmaster General. I just want to kind of go through and give you a chance to respond to some of these false narratives. First of all, let's talk about that election notice that was sent out by, I believe, the Postal Service's general counsel.

One notice--before you became the postmaster general, one notice I think after you assumed your--your duties, talk about what that notice--what it was about and, you know, from my standpoint, how--how important it was that the Postal Service does inform election officials of what your basic capabilities are so they can factor that into their deadlines.

DEJOY:

Yes, Sir. Thank you for the--for the opportunity to speak about this. First, I'd like to emphasize that there has been no changes in any policies with regard to election mail for the--for the 2020 election. As you stated, the letter was sent out before my arrival--before my arrival simply to help educate state election boards and eventually the American people. There was a plan put together to eventually make this a broader statement so the American people had awareness on how to, you know, how to successfully vote.

This letter pretty--very similar letter was sent out in the 216--2016 election by that former deputy postmaster general. We recognized that during--during this pandemic when I arrived, there was great concern about the increase in volume, so we further emphasized the--the interaction. We had over 50,000 contacts before my arrival with the state collection boards to help--help them understand the mail processing procedures of the Postal Service. Since my arrival, we--we have established an

extended a task force, we have put up a website--we're putting up a website within a day and we are diligently working to--to ensure the American public and to ensure a successful election.

JOHNSON:

In my opening statement, I remarked that 150 million pieces of--or ballots would represent about 6 percent of weekly volume. I think in your written testimony, you said in terms of what's actually expected in terms of mail in ballots, about 2 percent. And can you just talk about and ensure the American public and this committee that the postal system has more than enough capacity to handle the number of ballots? It's really a matter of election officials understanding what delivery capabilities are?

DEJOY:

Yes, sir. We have more--the--we deliver 2--433 million pieces of mail a day. So 150 million ballots, 160 million ballots over the course of a week is, you know, a very small amount. Adequate capacity. Plus, mail volume is down, as you said, 13, 14 percent this year. Plus, as I identified earlier in the week, tweet will have additional resources on standby.

Should--I mean, if everyone complies with the--with the mail process that we've been identifying, there will be absolutely no issue and we are there's--there's slack and this is done and additional processes that we would deploy in and around the election that will--that carry a good part of any deviations to, you know, to get through.

We are perfectly the Postal Service stands ready. Our board of directors stand ready. We--with the--with the expansion of the task force that I--that I identified earlier in the week. Yesterday, we made the decision to establish a board, a Bipartisan Board Commission--Committee to stand over the Postal--to interact with us as we move forward. We are very, very comfortable that we will achieve this mission, sir.

JOHNSON:

Something else that has been blown way out of proportion is--is the retirement of some of the blue boxes. Can you just speak to the--how that is just a normal procedure that we have literally--because, you know, first-class mail is down over the decades almost--it's--the volume's almost been cut in half, I think.

I don't have the numbers right at the top of my head. But anytime you have a business where your volume is declining that dramatically, you're going to be starting--you'll take out different capacities. So, can you address the--the--the issue of the--the normal retirement, what the history of that has been of not only the blue boxes but also some of your sorting machines?

DEJOY:

Yes, sir. Thank you for the opportunity to speak about that. Over the--there is--today there is about 140,000 collection boxes out--out in the--in the United States. Over the last 10 years, about--it averages about 3,500 a year, so 35,000 of them have been removed. And it's a--it's a data-driven method it. I have--I haven't reviewed it, but every year they look at utilization of--of--of post boxes. They look at where they place new post boxes. They look at where communities grow, so 35,000 over 10 years.

It--since my arrival, we removed 700--700 post collection boxes, of which I had no idea that that was a process, or I've been--that that was a process. When we found out--when I found out about it, we--we socialized it here amongst the leadership team and look at what the--what--you know, what the--what the excitement was--it was creating. So, I decided to--to stop it and we'll pick it up after the election. But this is a normal process that's been around for--since--you know, it's been around 50 years. And over the last 10 years we got--we have--we have--we have pulled back about 35,000.

On the machines, the machines we are speaking about, again, mail volume is--is dropping. This is a process that I--I was unaware about. It's been around for a couple of years now. We evaluate our machine capacity. These machines run about 35 percent utilization. The mail volume is--is, you know, dropping very rapidly, and especially during--during the COVID crisis. And package volume is growing, and we need--and when I--when I spoke with the team when this too became--got a lot of air--air play, we really are moving these machines out to make room to process packages. No--we still have--we have hundreds of these machines everywhere, and still not any kind of drain on capacity.

And I repeat, both the collection boxes and this machine close down I have--I was--I was made aware when everybody else was made aware too. It was not a critical issue, you know, within the--within the Postal Service. This has been going on in every election year, in every year for--for that matter.

JOHNSON:

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So--so, this isn't some devious plot on your part. One final question here. I'm just going to go a little over time, but I think it's important you describe the change--the operational changes you are making to try and start curbing in some of these excess costs, you know, \$4 billion of overtime and overtime penalties, about making sure that the system adheres to its time deadlines and--and what effect that has on--on mail delivery.

DEJOY:

Yes. Thank you. Thank you, Senator. When--when I arrived, when I--when I was awarded the--the--the position, I spent the first three weeks even before I--I joined here really studying the--the organization, trying to get an understanding of, you know, what--what was driving this, you know, how decisions were made and what--what--what the network look like and how the mail moved through the process. I spent--I spent hundreds and hundreds of hours before I arrived and then when I got here, working with the management team.

And one of the first things--the first big change I embarked upon is how do I get the organization, the management team, the structure, to align with what we--that my--in--in--in my analysis, I--I--I felt there were--that we had 600,000 people reporting to one person and other executives doing assessorial types of--important, but not integrated into the operational activity.

So, I worked with the management team, both collectively and individually, to--to--to look at our--look at our--you know, our functional lines. And we together re---reorganized the--reorganization to--to move forward on--on process improvements, improving service, and--and--and garnering new business, new revenue and costs. So, that was the one big change I worked on when--when--when--when I got here.

The other change, when I was--the day I was sworn in, I received a report from the--from the OIG that spoke about the things that you were talking about, late--late deliveries, late--late dispatch, extra trips, and all the time and costs associated around--around this that approximated \$4 billion. We were facing--this was before we had the note. We were facing--I had \$13 billion in cash and \$12.5 billion of payments to make in the next nine months, and a--a--no--no help in sight. We didn't have a--we had--we had no help in sight.

So, I needed to look at a--a--a positive impact on cost savings that did not--that--that improved the--improved the business. The transportation schedule, our--we run about 35,000, 40,000 trips a day,

and 12 percent of those trips were late. And we round a--we were running another 5,000 trips a day in--in--in extra--in extra trips. FedEx, UPS, everybody runs their trucks on time, right? That's what glues the whole network together, our collection process to our delivery process.

If that is not running schedule--and that was not my--Louis DeJoy's schedule. That was the Postal Service's schedule that was connected to all the delivery points, the 161 million delivery points that we deliver to each day. That had to be on time to--to get our carriers out on time, to make the deliveries on time so they can get back during the day instead of the night. And that was the number one--the transportation network was the glue that keeps everything together.

And I worked with the team for a--we had, you know, many, many people involved--operating people involved with the team. We had all the area vice presidents involved with this--with this--with this change. And we have taken--I submitted in my--my report this--this--this chart here, which shows that we went from 88 percent--88 percent on time to 97 percent on time delivery. All that mail that was sitting on docks got advanced, and our late trips dropped from 5,000 a--from 20--3,500 a day to 600 a day. Within a week, we made--we made that change.

Unfortunately, some--there--some mail did not--some mail--our pros--our production processing within the plants was not fully aligned with this established schedule. So, a--you know, a--a--this--so, we--we had some delays in--in the mail. And our recovery process in this should have been a few days, and it's mat--amounted to be a few weeks.

So--but the change that I made was run into our schedule, run it to our transportation schedule. I believe we'll get a--at least \$1 billion of savings out of that going forward. And this is the key connectivity to improving our service. Once we get all the mail on that--on those trucks, then 97 percent or 98 percent of the mail that we move around the country will be getting to its destination point on time. That was not the case. It was significant--substantially less than that prior to my arrival.

Those of the two changes, gentle--committee, that I have--that I have made since I've been--since I've been here.

JOHNSON:

Well, thank you Mr. Postmaster General. I think you should be commended for this type of initiative, not condemned it. Senator Peters?

PETERS:

Thank you, Mr. Chairman. And Mr. DeJoy, again, thank you for--for being here to--today. You know, I just want to start off before asking some questions just making it very clear that the--the men and women who work at the Postal Service who check in every day to--to do their jobs do it with professionalism, with integrity, and a--and a passion to move the mail as quickly and as efficiently as possible. When I think of the postal workers, the mail handlers, the--the letter carriers, they're doing a great job. They are clearly essential workers each and every day.

But as we've been going through this issue, and I've talked to many of those folks across my state, they have grown increasingly frustrated with some of the recent policies of commonplace, which they say is nothing that they've seen in the past. And they believe the mail has been piling up in ways that it shouldn't, and it needs to be addressed. But these are management changes. These are policy changes. It's not the men and women who are on the front line doing this--this work every day.

So, my--my question--or--so, Postmaster General DeJoy, you--you've already heard me in my opening comments talking about the fact that I've received over 7,500 complaints from folks all across Michigan, but really across the--the country. Folks have sent in their concerns to me. Earlier in my opening statement, I shared some stories of hardships from folks, both Beth and Mary, their--their challenges in Michigan.

So--and I think I heard this in the last answer. You--you acknowledge that some of the changes that were put in place have delayed the mail. And with--with a delay in mail, people can sometimes be hurt. Is that true?

DEJOY:

Senator, first of all I--I do recognize the quality capability of--of the American postal worker. That is one of the reasons that I am here is to help as well as with regard to the postal services key role in serving the American--the American public.

Yes, sir, I do recognize that some of these--that there's been two changes, the organizational change has had no--I don't believe has any impact on what we have done. The transportation change again compliance (INAUDIBLE)--

PETERS:

Let me just jump--I don't mean to cut you off, but I will get into those issues because I want you to elaborate a little bit further but there have been delays you--you will recognize that. You know it is clear what we are seeing. Mail has been delayed and I have spent over a month asking you to provide some documentation in my oversight function here in this committee to so how you made these decisions what kind of analysis, what sort of data was put in place and for that and how that information impacted some of the changes you have. Your staff has repeatedly not answered those questions and so certainly that transparency I think is--is unacceptable.

The--what I have uncovered though from what little data is made public by the Postal Service is on time mail delivery. I have my chart as well here to which is from the Eastern Division, this is what you give to your business customers and if you look at this line here it is probably hard to see but there is a red line which you can see dipping dramatically.

There is a flat line along the top of the chart then it drops around July 11 you start seeing a drop, July 18 it falls dramatically so that is a pretty big drop in on time mail delivery that we are seeing and I have asked for a three times since July 17 for records relating to the service changes and how one I am hearing from our letter carriers and postal workers and what I'm seeing in the chart that you actually post on your website of significant drop off of mail deliveries and yet I don't get an answer.

Will--will you commit to--to giving me these documents which have to be readily available to the Postal Service by this Sunday? Can we get those documents to get a sense of what went into these decisions and what you are seeing in terms of mail delivery?

DEJOY:

I will meet with our staff and get what documents with--with regard to this change but the change senator was to--to adhere to transportation schedule. That was the change (INAUDIBLE)--

PETERS:

(INAUDIBLE) obviously you have all of that documented and I would love to see the documents as to how that was done the--the data supporting that. That was--

DEJOY:

and--and if I--if I can add (INAUDIBLE) certainly there was a slowdown in the mail when--when our production did not meet the schedule but also senator our employees are experiencing the COVID-19 pandemic also and we have a significant issue with employee availability in many, many parts of the country that are also leading to delays in delivery and mail.

PETERS:

Let me--let me turn to your recent announcement that you made this week that you are suspending some of the changes so that you have made over the last month. I believe the statement is fairly vague and raises some additional questions but so I just want to be clear. These will be yes or no just so we know exactly what was intended by that. Are you suspending your policy eliminating extra trips, yes or no?

DEJOY:

No, I--I--first of all policy was not to eliminate extra trips, it was to mitigate extra trips.

PETERS:

Okay, so--so (INAUDIBLE) that. We are being told that you are limiting over time and this could possibly add to backlogs. Are you--are you limiting over time or is that being suspended right now and people work overtime if necessary to move the mail out efficiently every single day?

DEJOY:

Senator, I--we never eliminated over time. That's--

PETERS:

It has been curtailed significantly is what I understand.

DEJOY:

It has not been curtailed by me or the leadership team here.

PETERS:

Curtailed significantly, it's gone down, it's been limited. Will you commit to--

DEJOY:

Since I have been here we have spent \$700 million on overtime. Overtime runs at a 13 percent rate before I got here and it runs at a 13 percent rate now. I did not (INAUDIBLE)--

PETERS:

(INAUDIBLE) policy you can submit that to me I would appreciate it.

(INAUDIBLE) there will be no post office closures or suspensions before November 3?

DEJOY:

I confirm post office closures was not a directive I (INAUDIBLE)--I gave. That was around before I got here. There's a process to that. When I found out about it and it had the reaction that we did I have suspended it until after the election.

PETERS:

Well, we have heard about the sorters, you address said earlier, will you be bringing back any mail sorting machines that have been removed since you have become Postmaster General (INAUDIBLE) will any of those come back?

DEJOY:

There is no intention to do that. They are not needed, sir.

PETERS:

So you will not bring back any processors?

DEJOY:

They are not needed, sir.

PETERS:

Okay. I have got questions about independence and transparency. Prior to implementing the changes that you put forth in the postal system did you discuss those changes or their potential impact on the

November election with the President or anyone at the White House and remind you you are under oath.

DEJOY:

I have never spoken to the president about the Postal Service other than to congratulate me when I accepted the position.

PETERS:

Did you speak or discuss any of these changes with Secretary Mnuchin?

DEJOY:

During the discussion on negotiating the note, I told him I have a--I am working on a plan but I never discuss the changes that I made I just that I am working on a plan to--to improve service and gain cost efficiencies but no--no grave detail other than that--that was about it.

PETERS:

Prior to implementing the changes, did you discuss these changes or their impact on the election with any Trump campaign officials?

DEJOY:

No, sir. These change--these changes in our total analysis here and going forward and remember I am one new person in the organization with the whole structure around me an operating structure executive team me that are involved in these decisions having any--moving forward trying to have any negative impact on--on the election is an outrageous claim.

PETERS:

Did--just one final. Did you ever--(INAUDIBLE) final one, Mr. Chairman. Did--did you ever discuss any of this with Mark Meadows, any of these changes that you have done? You have had never had discussions and shoot--

DEJOY:

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Haven't discussed anything with Mark Meadows. I haven't spoken to Mark Meadows up until maybe last week the first time I spoke to him (INAUDIBLE).

PETERS:

So finally, you will give us your word today under oath that you have not taken any action whatsoever in your capacity as postmaster general for any political reason or at the suggestion of any administration officials?

DEJOY:

Sir, I will tell you my first election mail meeting what I instructed the organization the whole team around us and out in the field to whatever efforts we will have double them. I was greatly concerned about all--all of the political noise that we were hearing and we have had--I have had weekly reviews on this since before this all of the excitement came out. We are very committed, the board is committed, the postal workers committed, the union our leadership is committed to having a successful election and the insinuation is quite frankly outrageous.

PETERS:

Just one final thing, Mr. Chairman, is we--as we get into the election now, there has been concern that I am hearing from state and local governments about first-class mail. Have your word that you are not going to mandate the states send out any balance using either the more expensive first-class mail and will you continue the processes and procedures to allow election mail to move as expeditiously as possible and treated like first-class?

DEJOY:

Yes, sir. We will deploy the processes and procedures that in advance any election mail in some cases ahead of first-class mail.

PETERS:

(INAUDIBLE) will charge local governments for the first-class mail they can continue the process that they have done in the past?

DEJOY:

I don't get to charge anybody but no, we are not going to change any--we are not going to change any rates.

PETERS:

Great. Thank you for the time. Thank you for the indulgence, Mr. Chairman, for the extra time. Appreciate it.

JOHNSON:

Thanks, Senator Peters. Now, we did allow seven minute rounds, both Senator Cruz and I went a little over. We are going to adhere to the seven minutes to other members. The order of questioning will be Senator Portman, Harper, Lankford, Hassan, Scott, Rosen and then (INAUDIBLE). Senator Portman?

PORTMAN:

Thank you, chairman, and thank you and to Senator Peters for holding the hearing. It's very important, it's timely obviously all of us want to see our Postal Service work and work well and let me just give a shout out to David Janice who is our letter carrier and to all letter carriers and all of the postal workers because I do think particularly during this pandemic they are more appreciated than ever and so the men and women who you lead Mr. DeJoy please pass along to them our--hours thanks.

I'd like having this hearing now because I think there has been a lot of disinformation out there, kind of like getting to the facts.

One of the facts I learned this morning is that you started 67 days ago and much of what we have been talking about in the media at least including the blue boxes and the sorting machines you know that happened before you got there and it was part of a plan tied to the former postmaster general, she came up through the ranks was not a political person at all and any way that is helpful to know that that is what is going on.

PORTMAN:

It is also helpful to know that you appointed by the Postal Board of Governors and that that's a bipartisan group. In fact, we confirm those people and it was a unanimous selection. And I guess it's

based on your being a logistics expert and just hearing you this morning I can tell you've got a passion for the logistics side of things.

I also know that the long term financial picture for the post office--Postal Service is not pretty. And by the way, that's been true for a long, long time. And that's not really something that a postmaster general can do much about. It requires legislation. Senator Collins, Senator Feinstein have a bill that's an example right now that provides for some report reform and some additional funding. Everybody knows it's in trouble. Everybody knows we've got to deal with this issue.

And so although I'm going to ask you some--some tough questions and others will, really a lot of this comes back on to Congress not doing its job in terms of the longer term financial picture. But the immediate issue is, to be sure that these elections work well. And I appreciate the fact that you said this morning that that's going to be your top priority between now and the election.

Every one of us on this panel, I hope, want to be sure that we have the ability to have an election that is well run where people have their votes counted and many are going to be using the Postal Service. Let me start, Mr. DeJoy by just asking you a general question. Do you support absentee voting and do you support voting by mail generally?

DEJOY:

I'm going to vote by mail myself. I voted by mail for a number of years. The Postal Service will deliver--deliver every ballot and process every ballot in--in time that it receives.

PORTMAN:

Well, I appreciate--I appreciate that. So you--you do support voting by mail?

DEJOY:

I do--that's--I think the American public should be able to vote by mail and the Postal Service will--will--will support it. So I guess that's yes.

PORTMAN:

Yeah here it won't look, I mean, the states are going to decide this, not--not the Congress or not the post office. And--in many states are going to do it. I mean, Ohio, we've had absentee voting for a

couple of decades now (INAUDIBLE) meaning that you don't have to give a reason and it works quite well.

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I vote every year by absentee because I don't know where the heck I'm going to be in Washington or in Ohio based on our schedule. So it's worked well and, you know, we also are going to have in Ohio a lot of other ways for people to vote. We're going to make sure that it's easy to vote in Ohio and it's hard to cheat in Ohio. And I think that's--that's the important thing.

There's been a lot of news coverage about the Postal Service sending letters to 46 states, including Ohio and in DC to let them know that they can't guarantee all ballots cast by Mail will arrive on time. Is this due to a lack of funding, which is what many are saying, or is it due to state laws on voting and the time it takes to turn around receiving and delivering the ballots?

DEJOY:

Senator, the--this was not a change from anything that we have done in previous years. It was just more--more detail and more emphasis put on it mostly because--partly because of the expected rise in vote by mail and also the--the pandemic. And what--what the team set out to do is make the election boards and then eventually the American public pretty, simply, you know, what our processes were and therefore to guarantee that your--if you followed these process, there was no extra herculean efforts on our part to get your ballot in, which therefore mitigated the risk of it potentially not getting there. So mailing--

PORTMAN:

Yeah, so I think--I think that's important to note that this is something that has been a problem for years, including previous elections. You sent out warnings in previous elections. And look, I think the post office has got to coordinate better with state election systems. I think state election systems has it got to coordinate better with the post office.

I mean, you know, in Ohio, as an example, you know the timeframe between when you can cast your ballot and when it is postmarked, and you can get a ballot as--as late as Saturday before the election. And, you know, to get that to the post office and back to you and then they'd stand before Monday is very hard to--very hard to do logistically. I think that's one of the things that your letter pointed out was too that state systems, be sure and leave adequate time. Is that accurate?

DEJOY:

Yes. So first, that was not my letter. That was a letter from general counsel. But yeah, pointing out all the different variations that we could experience and how fast we could process it. But yes. There are times we get the ballots--ballots were sent out the day before the election. It's almost impossible to--for us to--for the voter to vote, for the--for the ballot to get to the voter, for the voter to vote, and for it to get back in time for the--for the election. So this was a very well thought out effort to safeguard the election, not to get in the way of--safeguard the processing of ballots, not to get in the way of it.

PORTMAN:

What advice would you give voters? This is an opportunity for you to speak to the voters of Ohio and to the country. Would you advise them to wait till the last minute or would you advise them to look at leave at least a week?

DEJOY:

Vote--the general word around here is vote early.

PORTMAN:

Yeah, I think that's really important to tell people because, you know again, under Ohio's law and a lot of other laws, timeframe is really close. If you request an absentee ballot, you've got to be sure that it can be delivered in time. I am concerned about the delays that we have seen in Ohio and elsewhere. We have a number of veterans who contacted us and who said they weren't able to get their medication, and there's some it's heartbreaking stories.

One is a 70-year-old served in Vietnam, has COPD, has trouble breathing got the inhaler refill is mailed through the Postal Service. Due to delays, he ran out of it while waiting for it to arrive and then his insurance said, you know what? We're not going to pay for another refill to be filled because it's already been shipped through the Postal Service and he can't afford to pay for another emergency refill personally.

Let me ask you about that quickly. The veteran's medications that are shipped through the mail. Are you focused on that issue and what can we do to correct that problem?

DEJOY:

Senator, first of all, I and that we aren't working here fever--feverishly to get the system running at stability and also to get more--hire more workers to handle the delivery process. We are--we are all feel, you know, bad about what the--the dip in our service level has been. We reserve 161 million people. We still deliver at 99.5 percent of the time. We have significant efforts to--to continue to improve on that process and everybody is working feverish--feverishly to--to get that right.

PORTMAN:

Well, I hope you will and let's ensure these medications are delivered in time and ensure that when the production doesn't meet the transportation schedule, as you said earlier, that there is some efforts made to align those two because it's a lifeline for people. You know, all over the country, particularly in our rural areas. And I thank you for your service and for the answers you've given today.

JOHNSON:

Thanks, Senator Portman. Again, I wanted to just remind our committee members, please keep your questioning as well as factoring in the answers to try and keep them to seven minutes. Senator Carper. Is Senator Carper there? We'll move on to Senator Lankford.

CARPER:

Fuck. Fuck. Fuck.

LANKFORD:

Mr. Chairman, I think Senator Carper is there. I think trying to be able to queue it all up right now.

JOHNSON:

Senator Carper, can you unmute?

CARPER:

I'm unmuted.

JOHNSON:

CARPER:

Thank you so much for scheduling this hearing. I urged you to do this three weeks ago. You agreed to do it and I'm grateful that you have. To the postmaster general, thank you for finally returning my call. I called you for like three weeks trying to get you to return my call after you taken office. Thank you for finally returning our call and talking with us last--last week.

You know, you might be wondering, Mr. DeJoy why there's some question--skepticism here. I've seen in my own office on constituent service--we get a constituent service report every week. We we've seen a steady upbeat--upbeat operating increase in Concerns complaints about Postal Service. And it's not just my office. It's Senate offices and house offices all over the country. And frankly, they coincide coincided with the time that you took office.

Even this morning, I just got a message from Joe Manchin, Senator from West Virginia (INAUDIBLE) earlier this week in Charleston Mail Distribution Center talking about how all this equipment, the sorting equipment has been taken out. He served five states from--out of that place. And so it's not just a little (INAUDIBLE) it's all over the country.

Maybe it's just a--maybe it's just a coincidence. I'm not so sure. But here's why here's why we're skeptical. We've got a president who doesn't want to have vote by Mail. We've got the president would like to suppress the vote. We've got a president who would--that would like to see the Postal--Postal Service not do well.

I've worked for almost 20 years on this committee trying to make sure we have a vibrant, active, meaningful Postal Service. You come from--you come from Greensboro, North Carolina just North of--south of where I was--where I grew up in Danville, Virginia.

CARPER:

We had voter suppression in this country almost from the get-go. Even though our first Postmaster General, Benjamin Franklin, said, no, we're not going to do that, we're going to let everybody have, you know, freedom and right to choose their own vote, it hasn't been that way. Women didn't get the vote. Blacks didn't get the vote. We still have voter suppression.

The last congressional election they had a North Carolina, you know what? Half--half the people voted for Democratic candidates for Congress. Do you know how many Democrats were elected out of 13 seats? Three. I mean, we have seen poll taxes. We have seen literacy tests, all of this stuff. And when I see what's going on with a president who wants to degrade the Postal Service, wants to get rid of vote by mail, you shouldn't be surprised that--that we are alarmed when we see the kind of depth--degraded service that we're seeing across the country.

It wasn't that long ago we had overnight mail service in metropolitan areas. It wasn't that long ago we had, from coast-to-coast, mail delivery within three days, and we don't have that anymore. So, people should be--if people seem skeptical, they have a right to be skeptical.

I--I want to--I want to just say after the public uproar that we've seen here in--in the my state and other states about the delays and failure to deliver the mail, you committed to freeze additional operational changes until after the election.

Good, but we're going to need more information than that, especially given reports that came out last night showing that you and your team are actually considering more extreme changes than those we've seen to date, including changes that will slow down the mail even further, post office and plant closings, massive service reductions to Alaska, Hawaii, and Puerto Rico, making mail more expensive to the U.S. citizens living there, price changes that would nearly double the--the cost for--our price changes that would double the cost of voting by mail, dramatic price hikes on packages that will disproportionately impact small businesses and rural communities that rely on the Postal Service while erasing your competitive advantage over FedEx and UPS.

We need to be worried about this, and I am. I--I don't ask a lot of yes or no questions. I'm going to ask a couple today, and I'd ask you to just give me a simple yes or no answer. You'll have an opportunity and responses for the record to expand on those. I'm going to ask you for yes or no answers. Yes or no, are you considering the dramatic service changes that I just outlined which we've just learned about in the last 48 hours? Are you considering those dramatic service changes, just yes or no?

DEJOY:

Senator, there's a dramatic--dramatic changes to be--

CARPER:

DEJOY:

--We're considering--we're considering--

CARPER:

--I'm asking for a yes or no--

DEJOY:

--We're considering dramatic changes to improve the service to the American people, yes.

CARPER:

Yes or no, will you restore the mail collection and processing capacity that the Postal Service is lost in recent weeks during your tenure?

DEJOY:

Senator, as I said, I did not direct that, I--direct it. I stopped it. It's insignif--it's not material to anything that we do, and we're sticking with the--where we're at right now.

CARPER:

Recently, the president was caught red handed when he admitted to not wanting the Postal Service to have additional resources because he--the--the Postal Service would use these resources to enable election mail. And when asked about providing necessary relief, the president stated, "If we don't make a deal," that is a deal with the Congress, "that means they don't get the money," they being the Postal Service. "That means they don't get universal mail-in voting. They just can't have it." No wonder we're somewhat skeptical and--and dubious.

My--my understanding is you have had more than a passing acquaintance with this president. My understanding, you've been a huge supporter financially of the president. My understanding is when you were going to have a convention in Charlotte--in Charlotte, North Carolina, you were heavily involved in leading the raising of money for that--for that convention. No wonder we're a little bit

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skeptical about this, when we have a president talking down the Postal Service and talking down vote by mail.

Another yes or no, and you can expand upon it--expand on the record on this. Yes or no--

DEJOY:

--Senator--

CARPER:

--Will you remain independent of--

DEJOY:

--I'm not here to talk about political--

CARPER:

--The president and this administration and make (INAUDIBLE)--

DEJOY:

--Political matters--

CARPER:

--Decisions that support the American people first? Will you? That's services that support the American people having fast, efficient, and afford--affordable mail service, especially with regard to mail-in ballots? Will you make--remain independent of this administration?

DEJOY:

Sir--

CARPER:

--That's it. Will you remain independent?

DEJOY:

CARPER:

Thank you very much. Mr. DeJoy, during our call earlier this week, you said that you support additional cash assistance for the Postal Service. So do we. The Postal Service has, as you know, \$15 billion of--roughly cash on hand, and a new billion dollar line of--\$10 billion line of credit that comes with some very troubling conditions dictated by the administration.

The Postal Service has had massive declines in first-class mail. We know that. They average 15 percent, 20 percent below last year's first-class mail volume. The Postal Service package volume is higher though than normal, and has sustained it through the pandemic. My guess is those volumes will come down somewhat after the pandemic. All this is to say the Postal Service's \$15 billion cash balance could quickly disappear, and I believe the post office needs to approve the both--the Board of Governor's \$15 billion request from earlier this year to cover the loss of--the loss to COVID.

Last yes or no question. Do you support the federal appropriation to the Postal Service to cover its COVID related losses? Yes or no, do you support the federal appropriations to the Postal Service to cover its COVID related losses?

DEJOY:

Yes. COVID related losses I do support.

CARPER:

Thank you very much.

Mr.--Mr.--Mr. Postmaster General, my family has had a heavy military involvement throughout our lives. I'm a vet, the last Vietnam veteran serving in the United States Senate. My--my mother's youngest brother died in a kamikaze attack in 1944 on his aircraft carrier in the Western Pacific. He gave his life for this country. My grandmother is a gold star mother. We have--my father's a veteran. I'm a veteran. We have generation after generation of Americans who have been willing to risk their lives, lay down their lives, so we will have the right to vote.

We've got a lot of people who are sick and afraid of going out and voting this year because they don't want to stand in lines and come down with a virus that could take their life. This is a serious matter.

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And I just want you to urge with us--urge you to work with us, not be apart from us, not return our calls, work with us as we attack the need to build the kind of Postal Service that we can all be proud of. Thanks very much.

DEJOY:
Thank you.

JOHNSON:
Senator Lankford?

LANKFORD:
Chairman, thank you. Mr. DeJoy, thank you for your service. From what I have heard so far today, apparently the post office never had any issues, there was never any delays, there was a never any mail that was late, there were never any financial problems, there was never any challenge to mail-in votings until 65 days ago when you arrived. And then, apparently all chaos has broken out in the post office in the last two months, but before that there seem to be no complaint about the post office ever.

So, I do want to thank you for your service. I want to thank the men and women that are around the country that do a remarkable job every day, those folks in the unions, those folks that are taking care of us and getting things out, getting medicine, taking care first-class mail, taking care of all those things.

So, I appreciate your service. I appreciate the fact that you have stepped up to be able to help lead an organization that desperately needs some help, that Congress has for two decades pounded on postmasters on why they are not doing reforms and why we haven't found more efficiencies.

You've stepped into this role and have taken the--it looks like the work from the inspector general, in spoke--the work from the regulatory commission and have said let's start implementing some of these things. And now Congress seems to be shifting from beating up on postmasters for not doing work to now beating up on you for actually doing the work. So, I do want to say thanks for stepping up and taking the risk to actually take this on.

So, I--I do want to run through several questions. Some of them have not been addressed yet. There was a series of stories that came out and trending on social media that you are locking up the post

boxes in Burbank to prevent people from voting. Were you locking up the boxes in Burbank to keep people from voting?

DEJOY:

Senator, the--the stories that I have heard of my--my ability and the places I'm able to get to in the same day are--is remarkable. So, no, I'm not locking up any--I would have nothing to do with collection boxes.

LANKFORD:

So, you mentioned earlier that it's been 35,000 of the blue boxes that have been retired over the past 10 years. So, apparently any blue boxes that have been retired over the past 10 years are your responsibility over the last 65 days. You--you had mentioned before about some of the blue boxes being retired. Are they still going to be retired between now and the election, or will they be retired in the future?

DEJOY:

My--my commitment to the committee and the leadership and the American people is we'd stopped. We have--the day I put the--the statement out, we--we directed everybody to stop on--on--stop reducing postal hours, stop collect--you know, bringing back collection boxes, stop shutting down machines. And that--that was basically what we did. So, from now until the election.

LANKFORD:

So, you stopped that--

DEJOY:

--Yes. Go ahead.

LANKFORD:

You stopped that until the election. Will that pick back up after the election? Because one of the issues that you brought up before is about the sorting machines. Some of the sorting machines are older.

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Some of the sorting machines are--are not needed anymore. Will that just stop forever? What I'm trying to figure out is are we still going to work on trying to build in efficiencies in the post office. This has been a--this is been an issue for a long time, to try to get us back into balance.

DEJOY:

Senator, right now the--thank you for the opportunity. Right now the law--the legislation is that we delivered to the 161 address--161 million addresses six days a week. I'm committed to that. I believe that's the strength of the Postal Service and that we be self-sustaining.

Those are the two pieces of legislation that I am working towards. After the--we are not self-sustained. We have a \$10 billion shortfall and we will continue to have--over the next 10 years we will have a \$245 billion shortfall. So we need to--we need to end our management team and our board need their--there is a path that we are planning, okay, with the help of some legislation with some cost impacts, with some new revenue strategies and that will help--help and some pricing freedom from the PRC we believe we have a plan to do that but one thing that is not in the plan is not doing anything after the election this ambitious plan because we have \$10 billion to bridge and now the plan has not been finalized, we have hundreds of initiatives we--we look like.

Like take the Alaska bypass plan discussion, that is an item on the table. There's two--that's an unfunded mandate. It cost us like \$500 million a year and if--if--I'm not saying--what I ask for was all of the unfunded mandates. That is a way for us to get healthy pay - make pay something for the unfunded mandates.

If we just throw \$25 billion abness this year and we don't do anything we will be back in two years then maybe we should change the legislation not make us be self-sustaining because leadership team and the board that is what our mission is is to be self-sustaining and deliver at a high level of precision and I am committed to both. I'm committed to both. I think both can be done with a little help from the--from the Congress and from the postal regulatory (INAUDIBLE).

LANKFORD:

Well, Congress has been unwilling to be able to act on this for a very long time. It has been over a decade Congress has discussed any kind of reforms in the post office but it always seems to boil down to will that change distribution areas that may--may or may not be needed in a state that I live in or

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will it change any other post office structure that I am familiar with and if it changes my area then I want to be able to block it so it has been a great challenge.

I have also heard from multiple folks saying the post office is now so severely cut that they can't meet the capacity to actually get ballots out and folks in rural areas and folks in urban areas will they be able to get ballots out. I have seen your letter and that was the same as the letter in 2016 the post office sent out saying hey be advised states you need to send things out early that is helpful, thanks for actually doing that and you shouldn't be criticized for that, you should be encouraged to be able to do that.

But my question is folks have challenged me and said there's not going to be enough capacity for elections. Will you have enough capacity again for Christmas and for Mother's Day because my understanding is Christmas and Mother's Day are the biggest capacity times for first-class mail? Do you have capacity now for Christmas and Mother's Day?

DEJOY:

So we--thank you. We have--yes, we have capacity for Christmas and Mother's Day.

LANKFORD:

I actually went back and looked, last year December--the week of December 16 the post office delivered 2.5 billion pieces of first-class mail just that one week of December 16 of last year. That is a pretty remarkable feat to get 2.5 billion pieces of first-class mail delivered in one single week. So you know right now you have enough capacity to be able to handle the elections without slowing it down?

DEJOY:

Yes, sir, and it's more than that. Besides just the capacity the intent, the extra activities that the whole organization is going to be between our postal union leaders, our board, the executive management team here we are focused on besides just having the capacity to execute to react to whatever conditions that exist at that particular point in time up to and including the pandemic which likely will still be having some impact so I think the American people can feel comfortable that the Postal Service will deliver on this election.

LANKFORD:

JOHNSON:

Thank you, Senator Lankford. Senator Hassan?

HASSAN:

Well thank you, Mr. Chair. Thank you, Ranking Member Peters, for having this hearing and thank you, Mr. DeJoy, for your willingness to appear before our committee today. My time is short this morning and because I have been told you won't be staying for a second round of questions I would appreciate brief responses.

Mr. DeJoy I sent you a letter last week detailing stories from granite stators about delays in their mail and I will note a huge spike in calls to my office since mid-July about the Postal Service and delays.

For so many of our servicemembers, veterans, people who experienced disabilities and rural Americans their local post office is their lifeline and I will note that the change in volume you are seeing doesn't change the need for timely delivery of the essential necessary items that the American public relies on the post office four.

For example, one Manchester(SP) couple fills prescriptions through their VA benefits and they wrote quote there has been a noticeable slowdown in mail delivery. Mail delays have caused me to ration my medication. I start cutting back on my dosage to half pills or skipping alternate days to make them last. Some of my pills are crucial, my cardiac and diabetic meds need to be on a strict protocol. Will you ensure that any further changes that you make to postal operations do not delay access to medications and other necessities, yes or no?

DEJOY:

Yes, yes, senator, and I look forward to working with you on legislation to help this type of service not reach into the future.

HASSAN:

Well, thank you. Now I want to move to elections in again. I am glad for some of the statements and actions you have taken. We all know how important voting by mail is usually and this year even more

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so. Some states are starting to mail out general election ballots on September 4, just two weeks from today.

You and the Postal Service general counsel have written letters talk to about this morning about your plans to deal with election mail. You wrote last week that the Postal Service wrote quote utilize additional resources and maximize our efforts during the 10 days prior to the election to ensure the processing and delivery of all election mail within our system. Do the letters that you in the general counsel have sent to Congress so far contained your full plan for ensuring the processing and delivery of all election mail or do you have a more detailed operational plan for the additional resources and effort you alluded to?

DEJOY:

The letter that has been sent to the states from general counsel speaks about you know compliant mail, mail classifications and how they--

HASSAN:

Right. Mr. DeJoy, I am just wondering, do you have a detailed plan about how you are going to ensure the kind of delivery about a Americans count on for a voting by mail? Do you have a more detailed plan than what is in your letter, yes or no?

DEJOY:

There are detailed--there are detailed processes that we are going through we just and there are going to be expanded plans to that. We just announced the expanded--Expanded Committee Election Committee within the operation our board has established one but there are detailed--there are detailed plans that we go through in every election and with regard to--

HASSAN:

Again, could you share those with Congress and could you share them by Sunday night so we can see what they are, please?

DEJOY:

I--I don't think I will have the complete plan by Sunday night, we are just putting these committees together but I can try and--today is Friday. I--I have to check and we will get back to you.

HASSAN:

All right. We--I would appreciate them by Sunday night if possible by the end of next week as I noted September for some of the ballots are going to start going out. Last year the Postal Service inspector general interviewed managers in postal facilities across the country handling elections.

The inspector general found that facilities typically process political mail as first-class mail delivering more than 95 percent of election mail with one to three days for the 2018 midterms. Yes or no, will you commit to the goal of delivering at least 95 percent of election mail within one to three days this year the same as the Postal Service did in 2018?

DEJOY:

Yes, ma'am.

HASSAN:

Thank you. Now I want to move on to the issue of the decommissioning of sorting machines. At the Manchester Processing and Distribution Facility in my state for sorting machines have been taken out of service. Three of them are just sitting there and I am told that one of them has been dismantled and sold to a company in Pennsylvania for scrap metal. The Manchester facility only has one other machine that can do the work of the machine that has been sold for scrap. If that machine fails like it did yesterday when I was talking to postal workers in my state sorting stops and mail is delayed until the machine can be fixed.

Although you have suspended the removal of sorting machine for, the removed machines in Manchester have yet to be brought back in service or replaced and you have said today that it isn't necessary to do that and there aren't any plans to do that.

In fact I understand that the director of Maintenance Operations Kevin Couch sent an email on Tuesday directing local maintenance managers not to reconnect machines. Yes or no, is that true?

DEJOY:

I have no idea about back, ma'am. That is--that--those maintenance operations are still they are maintenance operations within the districts, this whole process was due to me last week. I'm sure there's logic behind what it is. I can find out about that and will be happy to get--

HASSAN:

--Okay. So--so you already said though, today that it's not necessary. But look, when we have only one machine that can do a certain kind of sorting in our largest distribution center in the State of New Hampshire and it breaks and everything has to stop until it gets fixed again, that's not efficient. That delays delivery. And what I would like to get from you is a plan to make sure that you will commit to making sure that postal workers can deliver every piece of mail that comes into the distribution center on the same day it gets in there, which has been the practice in the past.

By refusing to restart or replace these machines, you're really stop sabotaging the Postal Service's ability to sort mail efficiently and you're undermining postal workers commitment to that everyday delivery. So will you commit to having your team look into this and get back to me in writing about what the plan is to get at least some of these decommissioned machines back up and running?

DEJOY:

Yes. Well, first, senator, I don't agree with the premise, but I will comply with your request.

HASSAN:

Well, thank you. And it would be helpful to get a response by the end of the week. And finally, I will just--because I see that I am running out of time, I will ask a question for the record because there are growing concerns that Postal workers are being retaliated against when they speak to their members of Congress or to the press about some of the shortages that they are seeing or some of the delays they are seeing, some of the sabotage and undermining of timely delivery that they are seeing and I want to make sure that Postal workers who are speaking to protect the interest of the American Public that they served with such diligence are not retaliated against for doing so. Can I have your commitment today that they will not be retaliated against for doing so?

DEJOY:

Yes, ma'am.

HASSAN:

Thank you and thank you, Mr. Chair.

JOHNSON:

Senator Scott.

SCOTT:

Sure. Thank you, Chairman Johnson, for holding this hearing today. Thank you, Postmaster General DeJoy for being here. In Florida we've had--we've had vote by Mail for a long time and it's worked really well and I think the post office in Florida has done a great job in making sure it's worked. I've had three elections and every one, it's--they worked--they worked hard to make it happen. Mr. DeJoy, can you--can you just talk about why you're uniquely qualified and what background you bring to being postmaster general as you--and why you were picked by that board of the Postal Service?

DEJOY:

Thank you, Senator. I mean, there's--there's two things you could look at, you know, the two actions, the big actions that I've taken. I mean, the board will have to speak for their evaluation of me, but I do have--I have done I think one of the things they like is my experience with large program large logistical transformations I've done a great--I've done back in the 90s over \$3 billion transformation of the Postal network and we regarding mail transport equipment.

I've done big projects for Boeing, big projects for Disney, big projects for transformation pull (SP) projects for Verizon.

So that particular, type of experience, I think impressed them and I--my commitment to public service, I think, you know, impressed them. My--my engagement in community and in the nation. And when you look at the steps that I've had, I didn't come in here with a team, I didn't bring a consultant. I worked with the existing management team to create an organization that would look to move forward and help give us self-help and drive improvements in our service, drive costs out of the system and--and grow revenues.

And that is something that I've done all my life. I built a big business from nothing and we--people--you know, there are some accusations that this is not a business, but you have to deliver service and

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you have to be sustainable. The operating model needs to cover its cost. There is no other answer to that than--than that. And we need to take actions to do that and I'm--and I have great experience at that--at that.

And part of I think why they like me is I have a plan. I have a plan for the success of the Postal Service. I believe in the--I believe that six day a week delivery is an important aspect to strengthening us. Now, our--our pieces for delivery are down under three now from years ago six or seven.

Our goal is to get that get that back up. We cover--if you looked on the chart and look and where--what our reach is on a daily basis, it is impressive and we--we need to drive our cost out of--and this is well known, this is not (INAUDIBLE) you need to go out--drive our cost out of the network and we're efficient within our network and get more pieces into error carriers hands. And that's--that's the success with along with, you know, legislative help. That--that will be the future success for the Postal Service as we face a new economy.

SCOTT:

So, Mr. DeJoy, and your business--in your business life, did you--were you did you have to perform for your customer? Did you have to be on time and were you able to do that?

DEJOY:

Sir, our--our contract had 99.98 percent performance metrics on everything we did. Yes. And I think there's a I think the attitude and the energy is here at the Postal--and the desire is here at the Postal Service, you know, to do that. I just think that we--we haven't had the alignment and the expectation of that. And that's something that I bring to the table.

SCOTT:

So are you--I mean, are you personally committed to doing everything you can to make sure the Mail is delivered on time and people get, whether it's their medicine or their ballot, that they'd get it as quickly as they can under--with realistic expectations?

DEJOY:

Yes, sir. I am.

SCOTT:

So how does it make you feel when you have people out here that make these unsubstantiated claims that you personally have a goal to slow down the mail so ballots don't get--don't get to election offices on time, that you want to suppress the vote, that, you know, you personally are interested in damaging the ability of the post office to do their job?

DEJOY:

So that does not deter me at all. And you would be--you would be--I am unbelievably proud and humbled by the number of positive comments I get from employees and management team and the people from around, you know, from around America on my initiatives. It is--it is really a forced to believe that we can sit here and do nothing.

SCOTT:

Yeah. Do you--do you feel like you need a massive federal bailout should be able to deliver the mail on Election Day?

DEJOY:

No. I do not need a massive--I don't need anything to deliver mail on--on election night. But we do need legislative reform. We do need freedom from the--from the change in the PRC regulation and we do need to be--we do need to be reimbursed for our cost. When you look at during the COVID--during the pandemic, we still delivered to 99 percent of the American homes where other business--and during--with no revenue. With no revenue.

The American Postal worker was out there. This organization continued to perform and it's why we have such high ratings. Well, our revenues were down. Other organizations would have stopped going into some of these rural areas and so forth. We--we continued to do what we're supposed to do and at a significant cost impact and I'm coming I'm one to try and get to a sustainable model, but in this--in this case, we--I believe we deserve some compensation for it.

SCOTT:

One thing I think a lot of us would like to be able to do if we're going to be provide more funding to the post office that we ought I'd like to work with you and others to find out what are the things that we

ought to do to--to make the changes necessary to make sure that you can do your job in the future. So I appreciate any information you could provide that would allow us to do that.

And I just want to thank you for your commitment. I want to thank all the people that work in the post office. They work hard. They--so--but I appreciate your background, your commitment to excellence and I hope you can do the same thing over time at the post office. Thank you, Chairman Johnson.

JOHNSON:

Thank you, Senator Scott. Senator Rosen.

ROSEN:

Thank you, Chairman Johnson, for holding this meeting here today. And thank you, Mr. DeJoy for making yourself available. Before I ask some for the questions, I wanted to ask the postmaster general I'd like to ask you this. We need transparency in the changes you've been making and in everything you've discussed here today. Will you commit to providing this committee with any and all transcripts or minutes of all closed, nonpublic Board of Governor meetings from this year by this Sunday? Can you commit to that, sir?

DEJOY:

No.

ROSEN:

You will not commit to provide minutes of the--

DEJOY:

--I don't know--I don't know--have--I don't have the authority to do some of those things. And that--that is something that I would need to discuss with counsel and the board's counsel, so I can't commit to that.

ROSEN:

Well, we'll be discussing that with you, but let's move on. We have limited time.

Before I go with the rest of my questions, I do want to thank the dedicated postal workers across this nation, particularly here in my state of Nevada. I spoke with many of them yesterday, the majority of them veterans, veterans and their family. They have done years of dedicated service to this country, to this nation, and they are very concerned.

So, Mr. DeJoy, earlier this year, you've acknowledged you made operational changes to the Postal Service, removed mail sorting machines. You've had reduction, elimination of overtime and late trips. In Las Vegas, where we're expecting mail volume to ramp up soon, our postal workers, the ones I spoke with yesterday, are reporting the removal of sorting machine from our general mail facility, which is actually right down the street from my house.

As a former programmer and systems analyst, I have a real strong appreciation for the data. So, I want to talk about the data that you use to create these policies and what you may or may not have analyzed before you've made these changes. During the pandemic, health officials have directed older Americans to stay at home for their own safety. That means, for our seniors in Nevada and across the country, the Postal Service is the only way that they're going to receive their critical items, life-saving prescriptions, household supplies, Social Security checks.

For veterans, my colleagues have already mentioned this. It's a lifeline. 80 percent of veterans' prescriptions are filled by the United States Postal Service. I have 225,000 veterans in Nevada, many of them relying on this for their timely delivery of life-saving medications. And a small towns across Nevada, from the Gabbs, who has a population of 269 people, to Shores, it's a tribal community with 658 people, some of my larger rural communities, it's all they get is the Postal Service.

So, please, could you answer yes or no, effort of time? Before developing and implementing policy changes since assuming your role this year, did you conduct any specific analysis on how your changes would im--impact seniors, yes or no, sir?

DEJOY:

So, ma'am, the policy changes that I--

ROSEN:

--Yes or no, sir?

DEJOY:

The policy changes that I embarked upon were--were not the ones that you identified in your--

ROSEN:

--So, you didn't do any analysis to see how seniors would be impacted. Okay, let's move on.

Did you do an analysis to see how veterans might be impacted, knowing, knowing that so many of our--actually our postal workers are veterans, we employ so many veterans, that they are getting their medication and that they rely on, 80 percent? Did you do a specific analysis to see how veterans would be impacted?

DEJOY:

The only change that I made, ma'am, was that the trucks leave on time. Theoretically, everyone should have gotten their mail faster.

ROSEN:

So, you can--can you look me in the eye and all the Nevada veterans in the eye, all the Nevada seniors in the eye and tell us that you will not continue in the policies in the future that you know that will harm my seniors, my veterans here in Nevada, and all of our seniors and veterans across this nation? Can you look us in the eye and commit to being sure that they have on-time delivery?

DEJOY:

Well, I'm--I'm working towards on-time delivery, ma'am. Yes, I can commit to that.

ROSEN:

Thank you. And so, did you do any analysis about the fees if the--if mail is late, the late fees that people would get when they pay their rent or their car payment for their utility bill if the mail is slow down, and the impact of the charges and those fees would have on working families? Is there any analysis about the impact of late delivery by you on that, sir? Yes or no, please.

DEJOY:

The analysis that we did was that, if we move the mail on schedule, that all late deliveries would've been improved. That's the analysis.

ROSEN:

Now, obviously that--that isn't the case, so we need to continue with this.

DEJOY:

For--for a variety of reasons, for a variety of reasons.

ROSEN:

So, did you--you know, our deployed service members routinely cast their ballots by mail. Did you specifically analyze how your policy changes would impact our service men and women across this country and across the globe, how your changes would impact them, sir?

DEJOY:

Senator, the--the analysis we did would show that we would improve service to every constituent.

ROSEN:

So, that's great. So, can you provide me by this Sunday--if I understand you correctly, you have analysis that will show that the issue have improved it, although we are finding out through thousands and thousands of contacts to our office, to our connections, that it has not been the case. So, this is, frankly, unacceptable and I would like to see the analysis that this was based on to our offices by the Sunday. Can you commit to that, sir?

DEJOY:

No, ma'am.

ROSEN:

Can you commit to providing it to us at all, sir?

DEJOY:

ROSEN:

--You cannot commit to providing--

DEJOY:

--What I--

ROSEN:

--The American people--

DEJOY:

--Yes--

ROSEN:

--The analysis that you used to base your decisions on about their very important medications, their Social Security checks, and all--all the other things. You won't commit to the American people to be transparent?

DEJOY:

Senator, I will go back and get the--the truck schedule, the analysis that designed the truck schedule that I directed the--the--

ROSEN:

--Can you commit to transparency, sir? That's all I'm asking.

DEJOY:

Be very transparent, yes, I do.

ROSEN:

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Then that means that you would provide us your analysis. If you're transparent, then ergo that means you will provide us the data that you used to base these important decisions that impact people's lives. I want you to look in the camera. There are millions of people watching who are impacted every day by what you do, and please understand that. And so, I want you to commit to the American people to transparency and to provide us with the data that has been used to create these decisions.

DEJOY:

Ma'am, I--I do not accept the premise, and I will provide you with the transportation schedule that I directed the organization to adhere to. Yes, I will do that.

ROSEN:

Well, we appreciate that. I look forward to seeing that. I look forward to having future discussions with you. Thank you. My time is up.

JOHNSON:

Is Senator Paul available?

PAUL:

Yes. Do you have me?

JOHNSON:

Senator Paul, yeah, we can hear you.

PAUL:

All right. Thank you, Mr. DeJoy, for your testimony. And thank you for taking what sounds like an often thankless job full of partisan rancor. And thanks for bringing your business acumen to something that really, probably from my opinion, is almost an impossible problem short of legislative reform. And even with legislative reform, you know, I--I see it as a--almost an impossibility, how we'd actually balance the annual, you know, operating losses where you weren't running a lost every year. \$8 billion to \$9 billion a year is an enormous loss.

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And I've been of the opinion basically we shouldn't give you any more money unless it's attached to reform. That's the only leverage we have. When the post office becomes desperate for money, we should attach things they don't want to necessarily do; less employees. We started that a few years ago. We've got to do more of it. The mail keeps dropping. You've got to have less employees. That's where your legacy costs are too. Over time, you'll catch up on that, but we've got to go to less employees over time.

We also need to look at the easiest way to continue to personalize service to each--each person individually at their house would be to do it less frequently. And frankly, people who live 20 miles down a shell road, if we told them they were going to get it twice a week versus six times a week, I think we'd actually live with this. I--I grew up in a town of 13,000 people. I still live in a small town. I really think people could--could live with that.

But people should be told of the--the problem will continue to run massive deficits not just in the post office, but throughout government, and that really we shouldn't pass money out like it's candy. We should send it attached to specific reforms.

Could you list some of the legal impediments you have? You're a businessman. If you came in as a venture capitalist and a venture capitalist group took over the post office and named you CEO, what would you do that you're unable to do because it's a government entity now? What are the governmental or legal restraints that prevent you from actually fixing the \$8 billion to \$9 billion annual loss the post office has?

DEJOY:

Well, thank you, Senator, for the opportunity to address that. I'm a little bit more optimistic than you in terms of our ability to meet--you know, at least to a--a close point of--of break--break--breakeven. Number--number one, the legislative reform that I would ask is what I said--said in my written testimony and opening speak--opening remarks on integration of medic--of Medicaid in our reform pent--pension reform.

I would like to be kind of liberated on pricing from the--it's a very, very competitive market out there now. I would like more pricing freedom. It would drive--that would--that would help us.

I would like some of our unfunded mandates address with and then within the organization I would be able without as much fanfare to do a simple thing like say adhere to our schedules, right and adhere to

our schedules that will--will improve performance and transition there--there should be--there would be an issue but you know and we are seeing that recover right now and once we get mail--the mail and packages moving at 97 percent with trucks that are moving at 97 percent on time and were driving cost out of the system by doing that that is what I would do in--in my own business and in my own business I would (INAUDIBLE) new business--new business revenue generating ideas which we have here and will drive billions of dollars of contribution to the cost to serve the American people so we have--we--we have in the beginning having a plan I'm an optimist about trying to pull this off.

PAUL:

I won't ask you your opinion on going from six days to five days because that is really the job of Congress but this estimate say 1 billion, \$1.5 billion and I think at the very least you have to do it, that could be a one sentence bill that saves \$1.5 billion over there and puts us on a better footing I think you could go further and instead of assessing people more of a postal charge 20 miles down a dirt road have less frequent delivery.

And I think that alone would be tolerable and it would still have personal service but it would be less frequent and I think you could make up for a large amount of your shortfall if you went actually below five days for some very rural areas.

I mean it's being contested or its been said that some of your competitors who use the post office for the last mile delivery and we don't charge them an adequate amount they are sort of using the post office to subsidize last mile delivery. Is that a problem, do we charge your competitors enough when they get a package shipped to an area and then they use the post office for the last mile? Is that a competitive advantage? Do you think that's a problem? Should we do anything to fix that?

DEJOY:

Senator--senator if I may when I first came here coming--when I first got this assignment that was an obvious thing to me you know cut--cut back to five days or four days or whatever and as I have worked through the process and researched and studied the organization I think the six-day delivery, the connection that the postal letter carrier has with the American people and gives us this highly trusted brand and where--where the economy is going in the future and I think that is probably our biggest strength to capitalize on.

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We talk about \$1.5 billion to take a day away. I am sitting here on a transportation schedule change that could get us to billion dollars or \$3 billion right, and improve service and improve the connection to the American people. So there are lots of--

PAUL:

I will believe that when I see it. I don't doubt you but I do doubt government and the post office history so what about the last mile delivery by your competitors? Are we getting a market rate from them?

DEJOY:

We--we are--we are--we are studying it--it so I don't believe my general view again I have been here 60 days and I have looked at that there--there are--we make broad-based deals across the whole country that deal with average--with average rates.

There--there are areas that we could push them up and we are studying that. It is--I don't believe that it on the surface it is not the--it is reasonable business gaps that may exist is how I would describe it.

PAUL:

All right. Well, thanks for trying to fix sort of perhaps unfixable problem and hang in there and just the partisan barbs hopefully they will be portrayed for what they are, partisan barbs that really are trying to fix anything but they are just doing electoral politics by way of attacking you so I apologize for that from my colleagues across the aisle and wish you the best. Thanks.

DEJOY:

Thank you, senator.

JOHNSON:

Thank you, Senator Paul. Senator Romney, are you there?

ROMNEY:

Yes, I am. Can you hear me, Mr. Chairman?

JOHNSON:

ROMNEY:

Good. Thank you. Look, I want to begin my expressing my appreciation to the thousands upon thousands of letter carriers and I also want to note as well that the postal workers have made our vote by mail system and use a reliable and very successful system I think for the entire nation.

Mr. DeJoy, assuming as I do that you have been truthful in your testimony today I--I can imagine how frustrating it is to be accused of political motives in your management responsibility. At the same time of course you can clearly understand that there have been pretty good reasons for people to think that you or your colleagues are purposefully acting to suppress voting or that you are going to purposely prevent ballots from being counted and any surprise such concerns has to be tempered by the fact that the president has made repeated claims that mail in voting will be fraudulent that he doesn't want to give more money to the post office because without more money you can't have universal mail in voting but saying--putting that aside let me--let me know that a great deal has been made of the fact that you contributed to President Trump's campaign.

I would know that you also generously contributed to my campaign. So some people would say that you have contributed to both sides. Let me turn and note--let me--let me note that like others today I state the obvious when I say the reliable valid voting is essential to democracy here and of course to the places around the world and particularly with COVID still raging the mail is essential to our voting system and therefore to democracy.

Can--can do you have a high degree of confidence that virtually all of the balance that will be mailed let's say seven days before an election would actually be able to be received and counted? If people vote within seven days of an election are they--are they highly confident, are you highly confident that those ballots would then be received?

DEJOY:

Extremely highly confidence. We will scour every--every plan each night leading up to election day. We are very, very confident.

ROMNEY:

I very much appreciate that. That is a commitment. I hope the American people as I see news reports of this hearing and of others that are going to come to the house will underscore the fact that if they get their ballots in at least seven days before an election and probably even closer to the election on that but that the person who is running the post office is saying he is highly confident those ballots will be received by the various clerks and they timely way. That is key to us.

On a separate topic you mentioned that there are delays in the system and that is of course to be expected are they are--are there greater delays in certain areas than others? So for instance are delays greater in rural areas than they are in the rest of the country?

DEJOY:

Senator, with this I think more urban areas with coronavirus the intimidation of the coronavirus which scares our work--our employee, employee availability averages dropped across the nation about four--for about 4 percent but when you can go into some of these what I would say hotspots Philadelphia, Detroit they are as much as 20, 25--25 percent and we have routes, like Philadelphia has 750 routes and we have days where we are short 200--200 carriers and this can go on for a while so that is where that is not the only contribution but that is when--when--when the American people see two, three days that they haven't seen their carrier that is an issue and I would say this, I think there is at least 20 of those around dissenting level of consequence around the country.

ROMNEY:

So you, thank you. I--I will just end by saying like a number of my colleagues who have already expressed this at this point I would very much look forward to seeing and I am not talking about by Sunday I just mean at some point seeing a plan developed by someone of your expertise and logistics for how we can get the post office to be more economically managed but at the same time maintain a level of service which is essential for a functioning economy and that is a real challenge but as someone who has done what you have done throughout your career.

I--I expect you to be up to the task and like Senator Paul I am anxious for there to be a recognition on the part of Congress that for us to demand certain service levels may require us to make legislative changes.

So please--please feel welcome in our committee or in the house and for--for letting us go what we need to do and to make sure that you can do the job we have ask you to do. Thank you postmaster

DEJOY:

Thank you, sir.

JOHNSON:

Thanks, Senator Romney. Senator Enzi?

ENZI:

We appreciate you, Chairman Johnson, for holding this hearing and I especially appreciate that postmaster general coming to this hearing knowing what kind of a target he will be. It's got to be really difficult only to be in office 60 days and being expected to solve all of the problems of this Postal Service. It's been a crisis for many years.

Senator Collins used to head this committee but it wasn't called Homeland Security. It was government affairs and she has worked on the post office all of that time and has a pretty good bill that she's worked on with Senator Feinstein that I hope people will take a look at. I'm not sure that anything could be done in a bipartisan way, particularly if one of the participants, Susan Collins, is up for election because that might help her in her campaign.

But she's been dedicated to this. It isn't a new idea that she had, it's something that she's been working on and it has a lot of good ideas in it. I feel I really appreciate postal workers. In Wyoming particularly, they are doing an outstanding job in spite of all of the difficulties of the pandemic. My father in law was a postal worker and he was--before the mail sorting machines and he was pleased that he was able to memorize all the zip codes in Sheridan--in the Sheridan area and handled the sorting.

Of course, now local mail isn't postmarked locally. These are problems--I--I didn't realize that you personally deliver everything from it that you personally fix that sorting machines. That's all news to me. And detailed analysis--how much detailed analysis can you do in 60 days, particularly, as I suspect that maybe people aren't wanting to share information with you? I hope that those postal workers out there that are dedicated will actually do something to help out on it.

And of course, you've been accused picking on veterans and picking on seniors and I have to admit that I have felt picked on not by you, but by the Postal Service recently. And I was glad to hear your

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expected explanation that you're having some difficulty with people to deliver the mail in light of the pandemic. I don't think a lot of people understand that. I didn't understand that.

But I know that we had a package that we were expecting that was being traced and we paid extra to have it traced and we know it sat in the DC post office for 11 days before it was delivered to us. There have been days that our mail wasn't picked up. So I'm glad to know that the reason behind that and to find out this is the big surprise, it wasn't you. I thought you caused all of that.

Mail sorting machines. In Wyoming, I don't think we sort any mail in Wyoming anymore. All those got moved to other centers and I thought it was being done pretty efficiently in Wyoming. And what I also learned was when you move a sorting center under the union requirements, if the people don't want to move, they don't have to move and they still get paid. That's not going to save any money.

I've asked for the analysis on some of these changes that have drastically affected Wyoming. And which of course were not done under you. It was done under previous administrations. And I know that they want to save money, but they've got to do some analysis that will actually save money.

You used to be able to put money in a collection box--put an envelope in a collection box for local delivery and they got it the next day. Now, you put it in my community for local delivery, it goes to Denver first, it gets a shortage, and comes back to Gillette. Sometimes postmarked in Denver. That's not good management. And--and as an accountant, I know that postmarks make a difference. So I'm--I'm concerned. I have a lot of concerns.

And I'm only pointing these out because I know that you've only had 60 days to work on them and your plate was already full. But I'm trying to fill it a little bit more and I began to appreciate that you're willing to--willing to take on this--I guess you'd have to call it an adventure, not a job because it would be too tough as a job. But knowing you made some sacrifices to get to this.

I hope that you will take a look at the urban areas. You've been picked on in the rural areas for a long time, but we have some really efficient people out here that are dealing with long distances and doing it very well. But when I go to my post office in DC, I find that there's only one person working at the counter and if the person that comes up to the counter needs a box to mail it in, the boxes are not out where people can actually get them. So the person behind the counter has to leave and go get a box. And when they bring the box back, it still has to be sealed and addressed and they don't move them over to the side to see if they can wait on the next customer. Everybody waits at social distancing.

that was their lunch hour as well. No business let's their employees sit down and eat in front of customers during--during their lunch hour. Well, enough of my--I guessed trying to--trying to defend you here, but (INAUDIBLE)--

DEJOY:

--Senator, thank you. Senator, if I may, the--the--thank you for that--the support. But if I may, the day I take the seat, as with any organization, the day you become CEO, you're responsible for everything that goes on Around you and I have big enough shoulders to deal with that. But what--but more important about what you said in the beginning about legislation, you know, not--not moving, we the organization needs to and this board, we will move forward. We have to. Because without legislation, without any assistance, we will run out of money.

And 9 months, 12--we talk--we talk about a 633,000 person organization and 9 months' worth of cash and everybody thinks we're okay. That's outrageous thinking. And so we need to--sweep will--and that's kind of the difference. We are moved--as I said in my opening remarks, the Board of Governors. We will do what we need to do to stay, you know, to meet our operating objectives and that gets too self-sustaining, you know, manner. So thank you.

ENZI:

I appreciate your willingness to be here and I hope that you will take a look at the Collins-Feinstein bill and give us some analysis on that. And I recognize that you have to rely on postmasters across the United States of doing their job to manage their own business. So thank you--thank you for taking this job.

DEJOY:

Thank you. Thank you.

JOHNSON:

Thanks--thank you, Senator Enzi. Senator Hawley.

HAWLEY:

questions to get started that will maybe help clear out some of this misinformation that we have heard repeated over and over and over again in the media and some of it echoed today. Just to be clear, will USPS have enough cash on hand to support operating expenses through the number November election?

DEJOY:

Yes, sir.

HAWLEY:

Has the Postal Service seen an increase, actually, and total operating revenues in the most recent recently reported quarter relative to last year?

DEJOY:

Yes, sir. Small, but yes.

HAWLEY:

Has the Postal Service seen Its overall cash on hand position increase since the start of the pandemic in March to a level of approximately \$15 billion, is that right?

DEJOY:

Somewhere between \$14 and \$15 billion. Yes.

HAWLEY:

So if I understood your testimony correctly today, what I've heard you say and what also what I've read in your written testimony, your--your testimony to us is that the Postal Service has the wherewithal, it has the resources, it has what it needs in order to deliver the mail safely and on time through the November election, just to be clear about that. Is that right?

DEJOY:

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So yes--yes, Senator. Two separate things. They'll deliver on the election and cash to operate the business in the future are two separate things. But yes, we have plenty of cash to operate for the election.

HAWLEY:

Yeah. No, just on that second point, since you bring it up, with your estimate of the--of the additional assistance that you require as we look forward to the future, past November and into the months and years to come?

DEJOY:

I think we have--so A, the biggest thing we need is legislative reform and free--the PRC to decide. But I estimated about \$10 billion. We estimate about \$10 billion cost on COVID expense side and what I would like to see is it the note that we have negotiating with Treasury be used to have--get long term finance--

DEJOY:

(INAUDIBLE) buy new vehicles.

HAWLEY:

Can I just ask you about that since you bring up the note from Treasury? So, the CARES Act authorized \$10 billion in--and borrowing authority, I understand, that--that you reached. USPS and the Treasury Department came to an agreement late last month in principle over what that would be--what that would look like. Can you give us a sense of--of when this \$10 billion that was authorized--it's a loan, when this is likely to be made available to you, what you see its utility as? Just give us an update on where that stands.

DEJOY:

So, we have--we have a--a--terms of agreement. And all we would need to do is, when we request it, get a final document on it. But the terms have been agreed. I mean, the issue here with borrowing money is you need to know how you're going to pay it back. And, you know, at this particular point, you know, we--we--we're evaluating that. But it is available to us pretty quickly.

HAWLEY:

And--and what do you anticipate using it for in the near term, assuming that you do avail yourselves of it?

DEJOY:

There's--there's--there's a pretty specific limitation. I cannot use it for capital but I can use it to cover operating costs that are closely associated with COVID. And we can identify that pretty easily.

HAWLEY:

Now, you said just a second ago when we first--when you first introduced the topic of the loan, you said that you would--you would like additional authority to--to perhaps use the loan toward vehicles or as collateral for vehicles. Can you say more about that?

DEJOY:

Yeah. So, we have--as you probably know, we have many 30-year-old vehicles, that are--we're desperately in need of new vehicles. The loan is not for capital. I would like to see the term extended and used as a capital type equipment loan to buy vehicles and other types of--of modernization efforts that we have, but longer term than five years.

HAWLEY:

Very good. And so, what you would--that is part of the sort of the legislative--additional legislative reforms or authorizations you seek. Am I understanding you correctly?

DEJOY:

Yes, sir. And--

HAWLEY:

--Got it. Go ahead--

DEJOY:

--They're already been passed in--in a committee a couple of years ago, what we're looking for.

HAWLEY:

Right. Understood. Let's come back to some of the reforms that you have recently implemented. To what degree or any of the changes that you implemented over the summer in response to the OIG's recent findings?

DEJOY:

I consider the OIG's recent findings--as we were doing our own--my own--our own analytics, I thought they were for a new--somebody new coming in. I thought they were a remarkable gift in terms of just laying out--there's two things with that. The system was out of balance. The system--the transportation system, 40,000 trucks a day were running.

Once you get below--you know, below 90 percent, you can depend on anything, right? And so, that was--and then there was a cost gift. So, both things--when I came in here looking where the--where the organization was headed financially and what was the--what was the thing I could balance or--we could balance around, that transport--getting that transportation network aligned, which we will do, and--and saving a--you know, a--a--a billion, billion and a half, to \$2 billion, which we--we can reach for, was a--a Christmas present. I was elated.

HAWLEY:

Very good. Let me just ask you here--I see my time is almost expired, but let me just ask you in conclusion, I mean, as you probably know, my home State of Missouri, we have a very significant percentage of our population in rural areas. It's the part of the state that I'm from, where I grew up. It's--it is absolutely vital to me that any Postal Service reform going forward continue to preserve that network of rural delivery service, that it--it preserves the existing delivery and the--and post office box services that are available throughout rural Missouri.

So, can I just ask you, are you committed to protecting rural delivery and rural post offices in--for people like the--the folks I represent in Missouri and around the country?

DEJOY:

Sir, we have an unbelievable asset in our letter carriers reaching every American each day. And I commit to trying--trying to strengthen that relationship across the country.

HAWLEY:

Very good. Thank you very much. Thank you, Mr. DeJoy. Thank you, Mr. Chairman.

JOHNSON:

Thank you, Senator Hawley. Before I go to Senator Sinema, based on one of the questions and your response from Senator Hawley, you talked about the trans per se--transportation system just being out of sync.

In your written testimony, I just want to make sure that we're talking about the same thing here, you said you're on time trips went from 35,000 per day to 39,000 per day, which means on, you know, scheduled time of 89 percent improved to 97 percent. So, is that what you're talking about, your trucks actually leaving on time to get on their routes? And has that--has that been part of the disruption as well, is if--if the letters aren't getting to those trucks on time, they may be left behind for next days delivery? Can--can you just expand--

DEJOY:

--Yes. So--

JOHNSON:

--You know, just explain that and clarify that a little better?

DEJOY:

Yeah. So, there--inside the plants, there's a production schedule for mail that would meet--that--that's set up to meet a dispatch schedule for trucks that gets tied to a destination sender for, let's just say, keep it simple, go right to the delivery units, where carriers go out in the morning and carriers then could come back at--at night.

Well, this whole thing is an aligned schedule in theory, on--on--on paper. And we--there's lots of imbalances that we've--that--that we're finding as we went--as we went through this process. But the big thing to try and get everything aligned around is that transportation schedule. And now we have taken that up. And all that mail that was going--all--that was on that truck was also late mail, right? Now we have advanced the mail. We--just some of the mail that--coming off the process lines, we--

we--we--we did a--we found these imbalances and we did a--not as great of a job as we should in recovering for it. But we will. We've seen improvements right now.

Once that comes together, mail will be moving around the country at 90--97 percent on--you know, on--on--on time. And I'm very, very excited and committed to trying to do that. And that, again, enables us to balance the front end and the back--and the delivery end of--of the system and saves us all that money that you saw in the--in the audit report. And it's--it's in--in billions, not in millions.

JOHNSON:

So--so--so as a former manufacturer, I realized if you don't have a good press--process, you don't have a good product. So, you came in and you identified some real process breakdowns. In a very short period of time, you made a pretty dramatic improvement in terms of on time dispatch level, in terms of the transportation system.

Now, you obviously have COVID, which is affecting our entire economy, and obviously it affects the postal system as well. So, you know, basically what I'm hearing out of your testimony is the delivery delays are primarily being caused by the issues related to COVID, but the changes you made in terms of process, certainly in theory, if--if it hadn't already improved it already, is certainly going to set you up for--for improvement and cost reductions and cost savings in the future.

DEJOY:

Yeah, it--it--so, I will--I--I--a substantial portion of our delays are re--related to COVID. I will--I won't go as far as to not say that--we--we had maybe a 4 percent or 5 percent hit on our--on our service level for delayed--all sorts of mail, marketing mail, everything, because it got stuck on--on a dock. And we're--we're drastically bringing that down. And once that is aligned, we should have a smooth, you know, running system at a, you know, much more high-performance, you know, rate.

JOHNSON:

Okay. So, some restructuring is due to the change, but, again, those changes are--

DEJOY:

--Yes--

JOHNSON:

--Necessary to drive cost savings and improvement in the future.

DEJOY:

This--this is very doable, sir. FedEx and UPS do it.

JOHNSON:

Okay, great. Senator Sinema?

SINEMA:

Thank you, Chairman, for holding this important hearing. And I want to thank Postmaster General DeJoy for joining us today. The U.S. Postal Service has always been a critical lifeline for communities across Arizona and the entire nation. And during this pandemic, it's even more true.

Over the past week, my office has heard from over 18,000 Arizonans about the importance of the Postal Service. Arizonans want to ensure the Postal Service will continue to deliver prescription drugs, assist small businesses, and support the right to vote. Arizona has led the way on safe and secure mail-in voting for years, and Postal Service must act to support our upcoming election, especially since we will see increases in vote by mail due to the pandemic.

But our hearing today shouldn't just be about election mail. My constituents have also shared stories about prescriptions that took so long to arrive they worry whether the medication is spoiled. Others are concerned their small business will go under without reliable Postal Service, or that rent checks and bill payments now take a week longer to reach their destination than just a few months ago.

So, Mr. DeJoy, I'm pleased that you heeded requests from me and my colleagues to answer questions about the operational services the Postal Service is making. It's critical that you and your team demonstrated commitment to protecting the ability of customers to get the service they rely on every day and successfully communicating with Congress, stakeholders and election officials is a big part of that effort.

So for my first question in Arizona we expect 85 percent, 90 percent of the electorate to vote by mail this general election. That is approximately 2.4 million ballots moving through the postal network in

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Arizona in the weeks before the election. Giving that significant volume, unexpected challenges will certainly arise and adjustments will need to be made.

I have been working closely with the Arizona Secretary of State's office to ensure that they and other local election officials get their questions answered regarding mail issues so that we can have fair elections and I am going to continued to share the full range of questions that my office receives with you and your team and of course their top concern is the timely delivery of ballots. So will local postal managers be authorized to make decisions and have postal employees make extra trips or late trips, work overtime in order to deliver ballots to ensure that plants and post offices don't fall behind in processing election mail?

DEJOY:

Yes, ma'am. Effective October 1, we will have redundant resources and liberal--liberalization and aggressive efforts to make sure everything is moving and flowing timely.

SINEMA:

I appreciate that. Could you tell me what steps your office is taking to communicate this policy to postal managers, election officials, stakeholders and to the public in Arizona so everyone feels confident it citizens have their access to voting by mail?

DEJOY:

Yes, ma'am and--and--in general, we I think we started that in February we have reached out and we have had over 50,000--50,000 contacts with election officials around the country.

As you know we have sent a number of letters, we--we--we are making videos that will go online with the union leadership and myself to communicate out our commitment you know to this and we continue to work with the state boards and our board we decided to put together a--a bipartisan committee on the board to kind of oversee over you know everything that we are going to be doing.

So we are emphasizing and in fact I think in September we are going to send a letter to every American with what our process is going out to every American citizen so I think we--I--I feel good and I appreciate the question and I feel good about what the whole organization from the board of directors down to our letter carriers in plant personnel we are very, very proud of what we are doing and we are going to deliver for the American people.

SINEMA:

Thank you for that. I appreciate it. Postal processing plans are the critical piece to ensure that every day mail arrives in a timely fashion and all of the votes are counted and so we want to make sure that those processing plant operations are remain smooth and efficient.

Earlier this week in your announcement you said you would not close in the postal processing facilities before the election but I don't think you specifically ruled out consolidations at processing plants. So my question is--is the Postal Service planning to modify or reduce capacity at any postal processing facilities before the election and if so what specific steps are you taking to ensure that the Postal Service can continue to meet service standards for both election and regular mail in the communities served by those facilities?

DEJOY:

Senator, I promise you we are not making any changes until after the election.

SINEMA:

I appreciate that. That was a very concise and direct answer. I love it. As you know I recently wrote to you regarding the cherry bill (SP) processing plant in Tucson. It is very important to mail service in that community and throughout Arizona. If the Postal Service considers consolidations or closures of processing facilities in the future would you require new area mail processing studies for any impacted facility or other similar analysis before moving forward with a consolidation or closure?

DEJOY:

Thank--thank you, senator. There was and I'm not totally familiar with it but there is a whole process a pretty detailed process that we need to go through before we close a facility and I would be we--we will take that down if that facility ever gets on that I will make sure we reach out to you in advance and let you know but there is a whole public awareness process, a detailed analysis as to how the mail is going to be processed. It's--it's not an easy thing to do so we--we have it marked down and we will keep you posted if that ever gets on our list--interested locations.

SINEMA:

I appreciate that. Just for your awareness the original (INAUDIBLE) for cherry bill was done in 2011 and as you are probably aware we have had very significant population growth throughout Arizona since then. So we want to make sure that decisions are made with up to date data so I will follow up with you soon about this topic because this is very important for Arizona and it is very important for Southern Arizona in particular.

Mr. Chairman--go ahead. Go ahead, Mr. DeJoy.

DEJOY:

I just say I look forward to speaking to you about it.

SINEMA:

Thank you. I know my time is almost done the last thing I will just say is when you next consider operational changes I would ask you to take into account that negative customer experiences that folks have shared with us like spoiled medicine or missing rent checks we have been getting more complaints about service getting worse since some of these most recent changes. We ask that you would take into account these negative customer experiences when making decisions in the future and my team is happy to share some of those direct experiences with you.

DEJOY:

Thank you for your guidance, ma'am. Appreciate it.

SINEMA:

Thank you so much for being with us today and, Mr. Chairman, thank you for this opportunity, and I yield back.

JOHNSON:

Well thank you, Senator Sinema. Well let me just to again thank you, Mr. Postmaster General, for appearing here on pretty short notice and subjecting yourself to this hearing process.

Just two quick summarize a few things we heard today you know obviously the postal system is every bit as affected by COVID-19 as the rest of this nation has been economically devastating so I think for

anybody to assume that you know service would maintain its high level of standards when we are in the midst of a pandemic I think is quite unrealistic.

As you have stated I think the operational changes that you implemented are designed for long-term improvement but they have created some disruptions as well so but again coming from a manufacturing background I realize you have to have a good process, things have to run on time and you recognize that as well so again I am highly supportive of those efforts. I think that you should be commended not condemned.

As I stated there is no doubt there have been some unusual delays. COVID some operational changes but as I check with our constituents serving folks what they are also finding is the high volume of calls concerning postal complaints the vast majority seem very highly scripted like this could be a very well organized effort which doesn't surprise me in the slightest.

There are fundraising emails from Senate candidates and Senate in the Democrats Senatorial Committee dating back as far as April complaining about the postal issues so I have no doubt the Democrats are ginning this--these issues and these problems up into something that is not a very false narrative as I said designed to extract a--a political advantage and you know Mr. Postmaster General I am just very sorry that you are on the targeting end of this political hit piece.

I think it is very unfortunate, it is very tragic. This is as somebody else pointed out this was part of the problem why we have not had postal reform is how people will take advantage of it and again the expectations I appreciated Senator Enzi's very common sense statement of a number of different facts.

You have only been on the job 60 days, you've got a great background. I truly appreciate your willingness to serve this role. As you heard from the committee we truly appreciate the hard work of the men and women of the U.S. Postal Service doing a good job delivering our mail but we need reforms moving forward so we might have an opportunity here.

They are--there may be another COVID relief package. It probably will include something for postal so if there's going to be dollars allocated what I am certainly asking you for is the information and the data and the suggestions for true reforms.

I think that is what has always been lacking because I have been in this position in terms of postal reform it is always a taxpayer bailout absent of the types of reforms that we also need to also make

legislatively so I really look for your guidance. I look for your data, it's another real shortcoming from my dealing with the U.S. Postal Service here we just don't get the data that we really need to enact effective legislation. I would act actually enact effective legislation that is going to require cooperation with--with you and the postal workers so again thank--thank you for your service, thank you for stepping in this role.

I apologize for the fact that you have become a target in a political hit job. It is very unfortunate but with that--

CARPER:

Mr. Chairman--Mr. Chairman?

JOHNSON:

Yes, certainly.

CARPER:

Would you yield to me for a minute or two please?

JOHNSON:

Absolutely.

CARPER:

Thanks--thanks so much. As you may recall, Mr. Chairman, one of our colleagues the late Tom Coburn and I worked for years on major changes in the Postal Service, real reforms and we've done that.

We've developed bipartisan consensus around that and we can do that again. Among the things that we've heard here today, there's an interest in Medicare integration. I think we ought to look at that. There's an acknowledgement that there needs to be major investment get the fleet, the postal fleet. The average age of the fleet of--of postal vehicles is 27 years old. There are investments that need to be made for additional, modern package processing equipment in distribution centers across the country.

Postal Service not just get through a pandemic, but be relevant and efficient and vibrant in the years to come. The--the secret to a vibrant democracy, the two Cs. Communicate and compromise.

And our--with all due respect to our postmaster general, I'm--I'm pretty good at bipartisan top line. I reached out to you when you were just initially selected by the--the Postal Board of Governors. And then later on, I tried to reach you again and again for weeks and couldn't even get a call back and I wasn't the only one. You've got to be willing to communicate. You've got to be willing to communicate.

There are some people in the administration who--who do a great job at that. Bob Lighthizer, a trade representative is one. Mnuchin, secretary of Treasury is one and I would urge you to--to be like them. This is a shared responsibility. It's not on the post office, it's not on the men and women who work in the Postal Service. It's not on the Board of Governors or on you as the postmaster. It's on us as well. It's a shared responsibility. Our country is counting--counting on us and I'm--and we're counting on a democracy.

The last thing I'll mention, I'll go back to Ben Franklin, the first postmaster general. Do you remember what he said coming out of that building at the end of the constitutional convention when they said what have you done here? What have you created? And he said, a Republic if we can keep it. A Republic, if we can keep it.

And one of the keys to achieving here is, frankly, a vibrant Postal Service and the ability for people to vote. Democrat, Republican, or whatever, people who cast the vote and know they're going to be counted. That's critical. We've got a president, sadly, who wants to undermine (INAUDIBLE)--

PETERS:

(OFF-MIC)

CARPER:

--The Postal Service (INAUDIBLE) undermine vote by mail. That's just unacceptable. Hopefully, we can do better than that. And I--I commit my from myself, some of my colleagues to try to do just that. To do better. We can always do better. In order to form a more perfect union, we can do better.

PETERS:

Mr. Chairman--Mr. Chairman, if I could say a few comments too, just briefly.

JOHNSON:

Senator Peters.

PETERS:

Thank you, Mr. Chairman. Postmaster DeJoy, I just I wanted to take an opportunity to thank you as well for appearing us--appearing before us so willingly and certainly on very short notice. But I also want to be very clear about what I've been hearing and I think you've heard from my members and just to counter a little bit of what that chairman said. These are real concerns that I'm hearing. These are not manufacturing.

These are people who are coming forward, talking about delays, talking about medicine that's not available for them, talking about how--we have this shared a story with an individual who--who because of the lack of medicine skipped doses and was actually hospitalized. Those are very real. And when I hear those kinds of stories, we stand up. That's my job. It's the job of every senator here to stand up and--for our constituents, for the people back home who are being hurt and make sure that their voices heard.

That's what this is about. It's about making sure people's voices are heard. That is what this hearing is about. This is why we are standing up and making sure the Postal Service does what they have done with incredible integrity and professionalism for 245 years. We want to make sure that that standard continues going forward.

I fully appreciate that the COVID has created significant problems for the Postal Service. And I won't show my chart again, but if you look at the chart, the service was there through the--through a lot of the pandemic. It's just been in the middle of July where you see a dropping off dramatically. COVID has been with us since March but we've seen a dramatic job dropped since mid-July, which is the time when I got all of those communications and my colleagues have been getting those--those community communications. They are not manufactured. These are real people. These are real problems.

JOHNSON:

PETERS:

So I just want to be clear about that. So Mr.--Postmaster DeJoy, you answered some of our questions today, and I thank you for that. But--but there's still many, many left that are unanswered and I think we all look forward to seeing the documents that we have requested so we can do our oversight function and deliver to us in a timely fashion. I appreciate your willingness to do that.

I'm going to continue my investigation of the recent delays and Postal Service practices that have been put in place and I and I urge you and your staff to be fully forthcoming with any additional requests. That kind of transparency is critically important in this job. I know you have a very hard job. And frankly, I think you've made it harder on yourself because of the lack of transparency that we have seen here these last few weeks.

So in the coming weeks, Congress certainly must provide Postal Service with the resources and the oversight that you need to reliably deliver mail for the American people. But not just through this election. We have to make sure we get through the election, we've got to get through the pandemic, and we want to make sure we put the Postal Service on sound financial footing that lasts for another 245 years and beyond. So thank you again, Mr. Chairman.

JOHNSON:

Okay. Thank you, Senator Peters. And again, I am in no way, shape, or form denying that many of these complaints are absolutely genuine and we take those seriously and help our constituents. But there's also no doubt that a lot of this is being ginned up. Many of those complaints are highly scripted and it's being done for political purpose. There's absolutely no doubt about that.

But we have a new postmaster general who's been in the office less than 70 days. And from my standpoint, I think the first thing he needed to do is get up--get--you know, start the job, roll up his shirt--his shirt sleeves and then get to work and try and figure out what he needs to do to reform the process. So I'm looking forward to a totally transparent process here. I'm looking to separate the fact from the fiction and my problem is there's a lot of fiction, a lot of false narrative being ginned up by--by Democrats and the left right now.

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So I want the data as well. Mr. Postmaster General, I'm sure you will--you will work with us in the future and that's what I'm basically giving you the opportunity to do. There is a possibility for a Postal reform bill even in this next COVID relief package, if there is one.

So let's work in good faith. Thank you again for your service. Thank the men and women of the U.S.--United States Postal Service for their service as well. The hearing record will remain open for 15 days until September 3rd at 5:00 p.m. for the submission of statements and questions for the record. This hearing is adjourned.

List of Panel Members and Witnesses

PANEL MEMBERS:

SEN. RON JOHNSON (R-WIS.), CHAIRMAN

SEN. ROB PORTMAN (R-OHIO)

SEN. RAND PAUL (R-KY.)

SEN. JAMES LANKFORD (R-OKLA.)

SEN. MITT ROMNEY (R-UTAH)

SEN. RICK SCOTT (R-FLA.)

SEN. MICHAEL B. ENZI (R-WYO.)

SEN. JOSH HAWLEY (R-MO.)

SEN. GARY PETERS (D-MICH.), RANKING MEMBER

SEN. THOMAS R. CARPER (D-DEL.)

SEN. MAGGIE HASSAN (D-N.H.)

SEN. KAMALA HARRIS (D-CALIF.)

SEN. KYRSTEN SINEMA (D-ARIZ.)

SEN. JACKY ROSEN (D-NEV.)

WITNESSES:

Testimony & Transcripts

About Senate Homeland Security and Governmental Affairs

[Staff](#)

[Hearing](#)

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[Committee Reports](#)

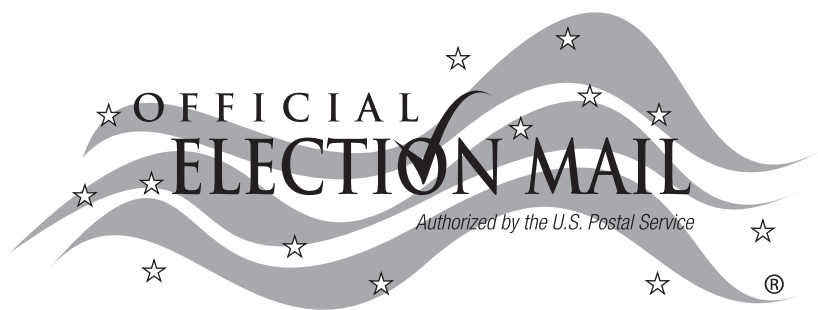
[Associated Bills](#)

[Schedules](#)

[Markup](#)

[Amendments](#)

EXHIBIT 6



YOUR **2020**
OFFICIAL
ELECTION MAIL™
KIT 600



January 2020

According to the 2018 Election Administration and Voting Survey, a quarter of the 120 million Americans that cast a ballot in the 2018 general election voted by mail. In preparation for increasing Official Election Mail volume during the 2020 election season, the Postal Service™ has developed the 2020 Official Election Mail Kit to help you in the planning and preparation of election-related mail.

The kit is part of our continued commitment to provide you with the tools necessary to use the U.S. Mail™ as a secure, efficient, and effective way to facilitate the election process. For added security and peace of mind, Official Election Mail is protected by the United States Postal Inspection Service®, the oldest federal law enforcement agency in the nation.

Included in your 2020 Official Election Mail Kit (Kit 600) are the following fact sheets and publications:

- **[Official Election Mail Program](#)** — Overview of the many advantages of using mail during the election process.
- **[Steps to Creating Your Intelligent Mail® Barcode \(IMb®\)](#)** — Learn how to create your own IMb to track ballots while in the mailstream and more.
- **[Service Type Identifier for Ballot Mail](#)** — Understand how the three-digit code is improving the identification and tracking of ballot mailpieces.
- **[Informed Visibility® Mail Tracking and Reporting \(IV®-MTR\)](#)** — IV-MTR is a service that provides near real-time mail tracking data for letters and flat pieces, bundles, handling units (trays, tubs, and sacks), and containers.
- **[Tag 191, Domestic and International Ballots](#)** — Information and guidelines to help your ballot mail get higher visibility during processing.
- **[Business Reply Mail® \(BRM\) and Qualified Business Reply Mail™ \(QBRMTM\)](#)** — Description of the First-Class Mail® service and a step-by-step guide to completing a BRM/QBRM application.
- **[Special Procedures APO/FPO/DPO and Overseas Citizens Absentee Ballots](#)** — Tips to ensure absentee ballots reach military personnel and citizens who are overseas.
- **[Informed Delivery®](#)** — Discover the benefits associated with creating an Informed Delivery campaign in your electoral district(s).

(continued on back)

- **[Mailing Standards of the United States Postal Service, Domestic Mail Manual \(DMM®\)](#)** — Includes many of the Postal Service’s regulations about balloting materials.
- **[USPS® Election Mail Checkbox](#)** — Use the Election Mail Checkbox in the *PostalOne!*® processing system and on Postage Statement forms to ensure USPS® visibility of all Election Mail entered into the mailstream.
- **[USPS Postmarking Guidelines](#)** — An explanation of the variety of uses for a postmark, including identifying the date the Postal Service accepted custody of balloting materials, voter registration cards, absentee ballot applications, polling place notifications, and tax filing submissions.
- **[Next Steps](#)** — Ready to get started? Follow a few simple steps for expert advice on how to create, handle, and send Election Mail.
- **Publication 631, *Official Election Mail—Graphic Guidelines and Logos*** — Learn proper usage of the Official Election Mail logo for inclusion on mailpieces.
- **Publication 632, *State and Local Election Mail—User’s Guide*** — Contains information that election officials must consider before mailing Election Mail.

Fact Sheet for Election Mail

U.S. Postal Service Training Program

The U.S. Postal Service® makes it easy to add the benefits of mail to your next election. We provide training, tools, and resources to help you and your staff get started. We'll even help you plan your mailings, improve the quality and accuracy of your address files, and design smart, cost-effective mailpieces. The information below introduces you to the services and assistance we provide.

EDUCATIONAL RESOURCES

The Postal Service™ has developed resources to help election officials learn how to prepare, induct, and track mail sent to voters and returned to the Board of Elections. Election mail coordinators are also available to help you through the mailing process and answer any questions. Please use the Election/Political Mail coordinators map at about.usps.com/gov-services/election-mail/political-mail-map.htm to find and contact your election mail coordinator.

PLANNING

Planning your mailing in advance will help ensure that it goes out in a timely, efficient manner, which is vital during election season. Our team of election mail coordinators can help you:

- Determine the appropriate class of mail.
- Choose the best postage payment options for outgoing and return mailpieces.
- Identify any extra services that may be needed.
- Provide extra lead time for mailings to armed forces personnel and overseas voters.

ADDRESSING

Address quality is critical to the timely and efficient delivery of your mail. Your address lists should be up-to-date, accurate, and complete. To assist you with this, the Postal Service offers several products and services,

including software, to help you improve the accuracy of your mailings. For information about address quality, go to: <https://postalpro.usps.com/address-quality>.

DESIGNING

Mailpiece design analysts (MDAs) can greatly improve your mail service and reduce postage costs. Postal Service MDAs will help ensure mailpiece quality and show you how to choose a layout that meets Postal Service guidelines and regulations. Customers may contact the MDA Support Center by calling 855-593-6093 or via email to MDA@usps.gov. The MDA Support Center hours are Monday through Friday, 8:00 a.m. to 5:00 p.m. Central Time (closed federal holidays).

Visit pe.usps.com/MailpieceDesign or review Publication 631, *Official Election Mail — Graphic Guidelines and Logos* for more information.

OFFICIAL ELECTION MAIL LOGO

Display the Official Election Mail logo on your mailpiece to indicate your mail is from a federal, state or local voter registration or election official. You can download the logo at usps.com/electionmail.



For information on preparing and sending mail, visit our election officials' mailing resources site at usps.com/electionmail. You'll also find resources to help you plan, address, and design Election Mail.

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Steps to Creating Your Intelligent Mail Barcode

Fact Sheet for Election Mail

The **Intelligent Mail® barcode (IMb®)** is a 65-bar Postal Service™ barcode used to sort and track letters and flats. The barcode makes participating in multiple Postal Service programs simple by consolidating information for all of the services into one comprehensive location. It also expands mailers' ability to track individual mailpieces and gain greater mailstream visibility.



The IMb can be applied to most Election Mail and is critical for using Informed Visibility® Mail Tracking and Reporting (IV®-MTR) service. The IV-MTR application provides information about when and where the Postal Service sorts a mailpiece on mail-processing equipment. The IMb can also be used for address correction services: manual address correction notices, Address Change Service (ACS™), OneCode ACS®, and Intelligent Mail Full-Service ACS™.

PolicyNet Resources

For more information on OneCode ACS, please review Publication 8, *ACS Product Information Guide*.

Additional information on the Intelligent Mail program is provided in Publication 685, *Publication for Streamlined Mail Acceptance for Letters and Flats*.

PostalPro™ Resources

The *IV-MTR User Guide* can be found under the IV-MTR User Guides and Training section at <https://postalpro.usps.com/InformedVisibility>.

For guidance on address quality, please visit <https://postalpro.usps.com/address-quality>.

STEP 1: DOWNLOAD AND INSTALL THE ENCODER AND FONT

IMb consists of a 20-digit tracking code field [Barcode Identifier, Service Type Identifier (STID), Mailer ID (MID), and Serial Number] and a Routing Code (ZIP Code™) field of up to 11 digits. An encoder is required to convert the numeric digits into a 65-character string representing the bars of the IMb tracking code, and a special font is required to convert the 65 alpha-character string into the IMb bars. Users can download the fonts and computer source code at <https://postalpro.usps.com/resources/mailing/encoder-software-and-fonts>.

STEP 2: APPLY FOR A MID

A MID is required for the IMb tracking code. New MIDs are assigned through centralized USPS® processes, generally through the MID system at <https://gateway.usps.com/eAdmin/view/signin> (Business Customer Gateway).

Once the encoder and font are installed, verify the print quality by producing samples, as instructed in the encoder package. The *Intelligent Mail Barcode 4-State Specification USPS-B-3200* and the *Intelligent Mail Barcode Technical Resource Guide* provide extensive technical information about IMBs.

STEP 3: POPULATE THE BARCODE FIELDS

The five IMb fields are the Barcode Identifier, the STID, the MID, the Serial Number, and the Routing Code (ZIP Code). Each field has its own unique set of standards, explained below:

The **Barcode Identifier** field should be "00" (zero-zero) with one exception: automation-price eligible flat mail bearing a printed optional endorsement line (OEL). When mailers prepare flat-size pieces using IMb tracking codes to meet automation-price eligibility requirements, the IMb tracking codes on any pieces bearing printed OELs must contain the Barcode Identifier corresponding to the printed OEL used. See the Barcode ID Reference Table on PostalPro to determine the correct Barcode Identifier.

The attributes that determine which **STID** should appear in an IMb tracking code are the class of mail, the ACS service selected, and whether IV-MTR service is desired. See the Service Type Identifier Reference Table on the PostalPro site or the reverse of the Service Type Identifier for Ballot Mail fact sheet included in this kit to determine the correct STID.

The **MID** is explained in Step 2, above. IMBs must contain a valid MID.

The **Serial Number**, in conjunction with the MID and class of mail, can uniquely identify the mailpiece. Currently, Serial Number uniqueness is not required to qualify for basic automation prices. Intelligent Mail Full-Service requires that mailpieces be uniquely identified, and the tracking code cannot be reused for a period of 45 days. Depending on the length of the MID, the Serial Number is either a nine- or six-digit number.

The **Routing Code** can contain a 5-digit ZIP Code, 9-digit ZIP+4® code, or 11-digit delivery-point code. To obtain automation discounts, a Delivery-Point ZIP Code from CASS™-certified (Coding Accuracy Support System) software is required. Mailers may opt not to

populate the ZIP Code and use the IMb tracking code only for tracking the mailpiece. If populated, it must never be padded with leading or trailing zeros that are not part of a valid 5-, 9-, or 11-digit ZIP Code. The IMb concatenates the five fields in this way:

Six-Digit Mailer ID

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
Barcode ID [2N]		Service Type ID [3N]		Mailer ID [6N]						Serial Number [9N]									Routing Code (ZIP Code) [none, 5, 9, or 11N]											

Nine-Digit Mailer ID

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
Barcode ID [2N]		Service Type ID [3N]		Mailer ID [9N]									Serial Number [6N]						Routing Code (ZIP Code) [none, 5, 9, or 11N]											

STEP 4: PUT EVERYTHING TOGETHER

Once mailers have selected service(s), received a MID, and devised a unique serial number strategy, they are ready to put the five fields together to form the 20- to 31-digit string, encode it to 65 characters, and convert the 65-character string using the IMb font to form the

65-bar IMb as in the example below. On letters, the IMb can be placed in the address block or in the barcode clear zone. On flats, it can be placed on the address side at least 1/8 inch from the edge of the piece.

Learn more about the IMb at <https://postalpro.usps.com>.

EXAMPLE: STID of 270 (First-Class Mail®, Intelligent Mail Full-Service option, with IMb IV service, no address correction), MID 123456, uniquely identified by Serial Number 200800001, going to ZIP Code 98765-4321(01), is encoded like this:

Digit String: 0027012345620080000198765432101

➔ IMb encoder ➔ **Encoded string** (T=Tracker, F=Full Bar, A=Ascender, D=Descender):
TTFAFDADTFFFADTAFAFTTDAFDFAAFTDAFDFFDFDATFDFTDDDDFADFFDADDTDDTTDAT

➔ IMb font ➔ **IMb:**



To learn about certified mail service providers (MSP), please visit <https://postalpro.usps.com/node/3816>, where you can also find the latest version of the MSP — Full-Service certified mailers contact list under Featured Resources.

Service Type Identifier for Ballot Mail

Fact Sheet for Election Mail

A **Service Type Identifier (STID)** is a unique three-digit code that indicates the service type for an individual mailpiece. The service code denotes the mail class, address correction option, and whether Informed Visibility® Mail Tracking and Reporting (IV®-MTR) is being utilized.

As part of the Intelligent Mail® barcode (IMb®), STIDs offer mailers near real-time tracking information into both outbound and return Election Mail. STIDs also provide the Postal Service™ with enhanced tracking capabilities that allow us to quickly identify and process on-hand ballots throughout the mail network.

HOW TO DETERMINE THE RIGHT STID:

There are four main aspects to consider:

1. Which class of mail is being used?

First-Class Mail® or USPS Marketing Mail®.

2. What direction is the ballot going?

There are two directions the ballot may be mailed:

- From the board of election office to the voter.
- From the voter to the board of election office.

3. How should Undeliverable as Addressed (UAA) Election Mail be handled?

Address Change Service (ACS™) is a post-mailing service that provides the Postal Service with instructions on how to handle UAA mail and provides the mailer with electronic Change of Address (COA) information or the reason for nondelivery. In certain instances, First-Class Mail and USPS Marketing Mail Ballots are eligible for Full-Service ACS, OneCode ACS®, Traditional ACS, Manual Notices, or mailers can choose to not use ACS at all.

4. Is tracking required?

Tracking is not required; however, Basic, Nonautomation, and Full-Service IV-MTR can provide mailers with greater insight into when voters have received Election Mail, and in some cases, mailed back their ballots.

HOW TO CHOOSE A STID:

1. Consult the Service Type Identifier Reference Table for Ballot Mail on the reverse of this sheet to determine the correct STID or visit https://postalpro.usps.com/service-type-identifiers/STID_Table_BallotMail.

2. Create an IMb code using the step-by-step instructions provided in this kit.

For more information regarding STIDs, visit <https://postalpro.usps.com/mailing/service-type-identifiers>.

(STID table continued on back)

Service Type Identifier Table

Ballot Mail (Effective August 20, 2018)

Direction	Class of Mail	Address Correction Option	Basic or Nonautomation with IV-MTR*	Full-Service with IV-MTR*
Board of Election to Voter	First-Class Mail®	No Address Corrections	715	720
		Manual Address Corrections	716	721
		OneCode ACS® – ASR 1* Address Service Requested Opt 1	717	
		OneCode ACS – ASR 2* Address Service Requested Opt 2	718	
		OneCode ACS – CSR 1* Change Service Requested Opt 1	719	
		Full Service ACS™ – ASR 1* Address Service Requested Opt 1		722
		Full-Service ACS – ASR 2* Address Service Requested Opt 2		723
		Full Service ACS – CSR 1* Change Service Requested Opt 1		724
		Full Service ACS – RSR 2* Return Service Requested Opt 2		725
Board of Election to Voter	USPS Marketing Mail®	No Address Corrections	735	741
		Manual Address Corrections	736	742
		OneCode ACS® – ASR 1* Address Service Requested Opt 1	737	
		OneCode ACS – ASR 2* Address Service Requested Opt 2	738	
		OneCode ACS – CSR 1* Change Service Requested Opt 1	739	
		Traditional ACS – CSR 1* Change Service Requested Opt 1	740	
		Full Service ACS™ – ASR 1* Address Service Requested Opt 1		743
		Full-Service ACS – ASR 2* Address Service Requested Opt 2		744
		Full Service ACS – CSR 1* Change Service Requested Opt 1		745
Voter to Board of Election	First-Class Mail®	Return Ballot First-Class Mail Reply Envelopes	777	
		Return Ballot Business Reply Mail by ZIP Envelopes	778	
		Return Ballot Permit Reply Mail by ZIP Envelopes	779	

* Informed Visibility® Mail Tracking & Reporting

Informed Visibility Mail Tracking and Reporting

Fact Sheet for Election Mail

The Informed Visibility® Mail Tracking and Reporting (IV®-MTR) application provides election officials with near real-time and expanded visibility of mailpieces as they move through the mailstream. These updates enable you to better plan Election Mail resources and receive data when and how you want it.

IV-MTR expands visibility beyond physical scans of mailpieces by leveraging the intelligence of Full-Service Intelligent Mail® and nesting associations. For example, IV-MTR creates assumed handling events for nested mail whenever the mail aggregate containing the nested mail is scanned.

HOW DOES IV-MTR HELP ELECTION OFFICIALS?

For outgoing mail, IV-MTR helps:

- Obtain near real-time notification when your mail receives its last processing scan.
- Identify mail delivery trends and predicted delivery dates.
- Know when mailpieces reach their destination so you can better manage election activities.

For incoming reply mail, IV-MTR helps:

- Obtain near real-time notification when your return mail enters the mailstream.
- Know when voters' return items are on the way and where they are in the Postal Service™ supply chain.

HOW DO I GET STARTED WITH IV-MTR?

To get started with IV-MTR, you need to register for a Business Customer Gateway (BCG) account, enable the IV-MTR service, and set up your Election Mail data feeds. Step-by-step instructions are available in the **Applying for Access** presentation on the IV-MTR PostalPro™ page, <https://postalpro.usps.com/InformedVisibility>, under IV-MTR User Guides and Training.

Learn More: <https://postalpro.usps.com/InformedVisibility>

Get Assistance: IV® Solutions Center
InformedVisibility@usps.gov
 1-800-238-3150, Option #2
 7 a.m. to 5 p.m. Central Time, Monday through Friday (closed federal holidays)

To learn about certified mail service providers (MSP), please visit at <https://postalpro.usps.com/node/3816>. The latest version of *MSP - Full-Service Certified Mailers* contact list can be found on this page under Featured Resources.

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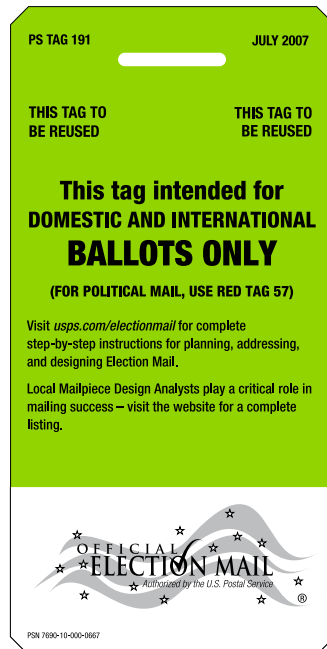
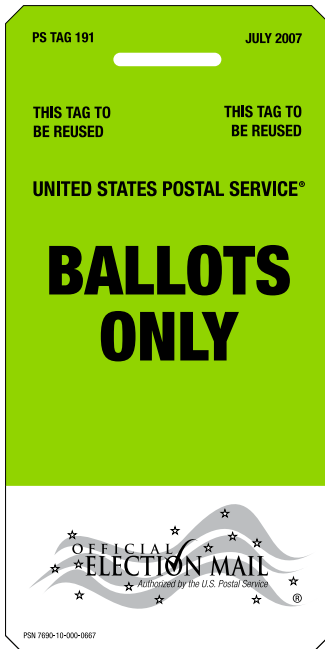
Tag 191, Domestic and International Ballots

The Postal Service™ recommends the use of green **Tag 191, Domestic and International Ballots**, to identify trays and sacks that contain ballot mail. Although use of the tag is optional, it provides greater visibility to containers of ballot mail as they move through Postal Service processing and distribution operations.

Tag 191 may only be used to identify ballot mail addressed for domestic or international delivery. The tag cannot be used to identify containers of other types of Election Mail such as polling place notices, voter registration notices, or other election-related materials. Tag 191 may not be used for Political Mail.

AFFIX TAG 191 TO THE MAIL CONTAINER AS FOLLOWS:

- **Strapped Letter Trays:** Using a plastic twist tie, attach Tag 191 to the strap at the end of the tray that bears the tray label.
- **Non-strapped Letter Trays:** For trays permitted to be tendered without strapping, attach Tag 191 to the tray with a rubber band that is double-looped through the tray handhold at the end that bears the tray label.
- **Sacks and Flat Trays with Flat-Size Mail:** Depending on the type of sack, attach Tag 191 to either the strap or label holder on the sack.



Availability:

Tags are available at your local Post Office™ or your Business Mail Entry Unit, which can be found at <https://postalpro.usps.com/node/1623>. The tags can also be ordered online at <https://about.usps.com/gov-services/election-mail/>.

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Business Reply Mail and Qualified Business Reply Mail

Fact Sheet for Election Mail

Business Reply Mail® (BRM) and Qualified Business Reply Mail™ (QBRM™) are First-Class Mail® services that enable you to pay the return postage (including a per-piece fee), for only the ballots returned to your election office. You can distribute BRM or QBRM Election Mail and have it returned to you at any Post Office™.

The mailpieces you distribute need to conform to a specific format, including use of a unique ZIP+4® code assigned by the Postal Service™. Proofs for QBRM must be approved by the Postal Service and bear an Intelligent Mail® barcode (IMb®). QBRM can only be used on automation-compatible cards and letter-size mail weighing up to and including 2 ounces. For more information on BRM and QBRM, see *Quick Service Guide 505* and *Domestic Mail Manual (DMM®) 505.1.1* and 1.6 available at <https://pe.usps.com>.

HOW DOES QBRM BENEFIT THE ELECTION PROCESS?

- Automatic mailpiece counting and debiting simplifies billing for states and counties.
- Unique IMb or ZIP+4 increases mailpiece visibility and tracking.
- Prepaid postage facilitates easy voting for citizens.

HOW DO I GET STARTED WITH BRM/QBRM?

1. Discuss your BRM/QBRM needs with a mailing requirements clerk. Contact the Mailing and Shipping Solutions Center, toll-free at 877-672-0007. Hours of operation are Monday through Friday, 7 a.m. to 7 p.m. Central Time (closed federal holidays).
2. Complete and then submit PS Form 3615, *Mailing Permit Application and Customer Profile* and PS Form 6805, *BRM/QBRM Application for ZIP+4 Code Assignment/Validation and QBRM Approval* to the mailing requirements clerk.
3. Set up an IMb and a Mailer ID (MID) with the help of your election mail coordinator at <https://gateway.usps.com/eAdmin/view/signin>.
 - a. For more information on creating an IMb for Election Mail, see the IMb Fact Sheet included in this kit.

4. Design a new BRM/QBRM return ballot envelope with advice from a mailpiece design analyst (MDA). Customers with mailpiece design requests may contact the MDA Support Center either by calling 855-593-6093, or by emailing MDA@usps.gov.

- a. Mailpiece designs must comply with the following directives:

- i. Publication 631 — *Official Election Mail — Graphic Guidelines and Logos*.
- ii. Publication 632 — *State and Local Election Mail – User’s Guide*.
- iii. Kit 600 — *the 2020 Official Election Mail Program Kit*.
- iv. DMM 201, 204, 505, and 703.8.0.

- b. Resources for mailpiece design include:

- i. The Automated Business Reply Mail (ABRM) tool on the Business Customer Gateway, available at <https://gateway.usps.com/eAdmin/view/signin>.

(Note: The ABRM tool does not support the use of the Official Election Mail logo or unique serialization of barcodes which are both election community best practices.)

- ii. Advice from an MDA.
- iii. A printer/design professional or mail service provider.

5. Return PS Form 6805, *BRM/QBRM Application for ZIP+4 Code Assignment/Validation and QBRM Approval* with 25 samples or paper mockups to ensure compliance with Postal Service regulations and processing systems. The application and 25 samples should be submitted to the Post Office where the BRM/QBRM will be returned. That Post Office will initiate a help desk ticket with the MDA, and will work with you to finalize the approval process.

Customers may contact the MDA Support Center by calling 855-593-6093 or via email to MDA@usps.gov. The MDA Support Center hours are Monday through Friday, 8 a.m. to 5 p.m. Central Time (closed federal holidays).

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Special Procedures: APO/FPO/DPO and Overseas Citizens Absentee Ballots

Fact Sheet for Election Mail

September 1, 2020 – November 30, 2020

The United States Postal Service® and the Military Postal Service Agency have again joined forces to expedite delivery of federal absentee ballots to overseas military personnel. We recognize the important role mail plays in the election process and are committed to ensuring that everyone who votes by mail experiences a smooth, well-organized process — one that provides them with the highest level of trust and confidence.

Program Summary:

- Election officials should mail absentee ballots at least 45 days prior to the November 3, 2020, General Election. All military absentee ballots mailed by election officials from September 1 through November 30, 2020, will be subject to special handling procedures.
- Local election offices are requested to segregate military absentee ballots into bundles for the Chicago and Miami International Service Centers (ISC), which serve as the gateway offices for the military.
- Trays or containers of ballot mail destined for APO/FPO/DPO (Army Post Office/Fleet Post Office/Diplomatic Post Office) addresses and overseas citizens may be identified using Tag 191, *Domestic and International Ballots*, and presented to the Post Office™.
- APO/FPO/DPO absentee ballots will be sent from local Post Office locations to the nearest Processing and Distribution Center for further processing.
- At the ISCs, absentee ballots receive special handling.

ELECTION OFFICIALS: Separate military absentee ballots by preparing bundles for the two ISC military gateways: Chicago and Miami.

Directions for Marking the Bundles:

ISC Name	ISC State Abbreviation	ISC ZIP Code™ Range
Chicago	AE	090–099
Chicago	AP	962–966
Miami	AA	340

If fewer than five (5) pieces will be in a separate bundle, a mixed bundle may be prepared. This bundle must have the facing slip marked, “APO/FPO/DPO MIXED – Absentee Ballots.”

(continued on back)

Facing Slips



APO/FPO/DPO

090 AE IL 62109

Absentee Ballots 090–099



APO/FPO/DPO

ADC MIAMI FL 331

Absentee Ballots 340



APO/FPO/DPO

962 AP IL 62196

Absentee Ballots 962–966



APO/FPO/DPO

MIXED

Absentee Ballots

Uniformed and Overseas Citizens Absentee Voting Act

As mandated by law, election officials are expected to deliver absentee ballots to military personnel, their eligible family members, and overseas citizens at least 45 days prior to a federal election. The Postal Service™ is committed to helping you meet this deadline with proactive planning and mailpiece preparation.

Get started by doing the following:

- Contact your Postal Service election mail coordinator.
- Discuss your timeline and known deadlines.
- Review address files for military and overseas voters and perform any necessary address maintenance.
- Consult Publication 632, *State and Local Election Mail - User's Guide*, or Postal Explorer for tips on how to properly address internationally bound mailpieces at https://pe.usps.com/text/imm/immc1_008.htm.
- Determine if your mailpiece meets the postage exemption criteria with postage paid as authorized by the Uniformed and Overseas Citizens Absentee Voting Act.
- Obtain and then affix Tag 191, *Domestic and International Ballots*, to your outbound ballots to your outbound sacks and trays of ballot mail.

For more information, please review Publication 632, *Domestic Mail Manual (DMM®) 703.8.2*, or visit the Federal Voting Assistance Program at <https://www.fvap.gov/vao/overview>.

Informed Delivery

Fact Sheet for Election Mail

Informed Delivery® is a secure, free feature that provides eligible residential consumers with a digital preview of their household's incoming mail and packages. Users can view grayscale images of the exterior, address side of automation-processed letter-sized mailpieces via

Election Official Benefits

- ✓ **Increased Interaction.** Generate multiple impressions to increase awareness of a voter registration, absentee ballot request, or voted ballot return deadlines through synchronized physical and digital touchpoints.
- ✓ **Faster Responses.** Use interactive content and clear call-to-actions to help encourage voter response.

email, smartphone app, or an online dashboard. The Postal Service™ does not open mail or packages to scan the enclosed content as part of the Informed Delivery service.

Voter Benefits

- ✓ **Convenience.** Preview incoming Election Mail via email notifications, an online dashboard, or mobile app.
- ✓ **Visibility and Security.** Check what's arriving and have peace of mind that Election Mail will be delivered.

Get Started with Informed Delivery

- 1. Choose Your Submission Method.** An Informed Delivery mailing campaign can be created in either *PostalOne!®* or Mailer Campaign Portal. Consider using *PostalOne!* for your complex mailings, especially mailings that have several different treatments.
- 2. Define Your Voter List.** Decide if one treatment will work for all recipients or if you need to have segments within the mailing for specific ZIP Codes™ or counties. If you need to segment your mailing, segregate the groups within your mailing list prior to printing or assigning the Intelligent Mail® barcode (IMb®).
- 3. Determine Mailer ID (MID) and/or IMb Serial Number Range.** Identify the MID used for the mailing. Ensure your MID is valid and included in the IMb on the physical mailpieces. Lastly, determine your serial number ranges in the IMb. Your mail service provider (printer, ad agency, etc.) will generally have this information.
- 4. Produce Your Creative Content.** Design the "ride-along" image that will appear in your campaign. Determine your target URL, as well as the call-to-action (i.e., "Register to Vote"). The more compelling your call-to-action is, the more likely a recipient is to respond. Lastly, decide whether you will use the grayscale image provided by the Postal Service™ or use a color representative image.

- 5. Select a Timeline.** You need to consider both the class of mail and where the mail is being entered for your Informed Delivery mailing schedule. Suggested mailing start times are 2-3 days prior to your first expected in-home delivery date and suggested end times are 2-3 days after the last expected delivery date.
- 6. Submit Campaign.** Submit your mailing using your selected submission method from Step 1.
- 7. Analyze Results.** See how your mailing campaign worked! Download your Post-Campaign Analyses (Summary and Detailed level reports) directly from the Mailer Campaign Portal or get a copy of your Post-Campaign Summary report via email by contacting us at USPSInformedDeliveryCampaigns@usps.gov.

Want more information? Visit <https://www.usps.com/business/informed-delivery.htm> or contact your Postal Service sales representative.

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Mailing Standards of the United States Postal Service, Domestic Mail Manual

Fact Sheet for Election Mail

Each election cycle presents a new set of parameters for ballot creation, causing return mailpieces to be different sizes and weights. As a result, many voters do not know the correct amount of postage required to return their ballots by mail.

Effective October 7, 2013, **balloting materials for any election, whether disseminated in hardcopy or electronically, must indicate in a prominent location the proper amount of First-Class Mail® postage that must be applied, except in certain circumstances for balloting materials for military and overseas voters or where postage is prepaid.** This information must be included in the balloting materials (i.e., on the ballot, ballot instructions, mailing instructions, or the envelope) with the marking “First-Class Mail postage must be applied.” The marking “Apply First-Class Mail postage here” could be printed in the upper-right corner of the address side of the envelope used by the voter to return the marked ballot to election officials. The Postal Service™ will also accept approved variations of the indicia enumerated above.

The marking requirements will not apply to balloting materials that meet one of the following exceptions:

- The balloting materials fall under the special exemptions for military and overseas voting.
- The ballot is returned under Business Reply Mail® service.
- Return postage is guaranteed through a postage due account.
- Postage on the ballot is prepaid by stamps, meter, or Permit Reply Mail.

Election officials should consult with Postal Service officials to assist with mailpiece design and barcode placement as well as to determine the proper amount of postage required for mailing ballots to voters and the return of marked ballots to election officials. For more information, please see Domestic Mail Manual (DMM®) 703.8.0 available at <https://pe.usps.com>.

NONCOMPLIANT MAILINGS

For mailers who submit ballot mailings that are noncompliant with current return postage requirements, the following acceptance procedure is to be observed: The mailer can submit a written request to the Business Mail Entry manager, requesting a one-time exception to allow the mailing to be accepted. The Pricing and Classification Service Center will review the exception request.

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Fact Sheet for Election Mail

The Postal Service™ is committed to improving Election Mail processes. Effective January 26, 2014, the Postal Service uses the Election Mail Checkbox in *PostalOne!* processing and our Postage Statement forms (e.g., PS Form 3600-FCM, PS Form 3600-PM, PS Form 3602-N, PS Form 3602-R) to get increased visibility of Election Mail in the mailstream. Please check the “This is Official Election Mail” box for each mailing presented

for acceptance. This provides the Postal Service with important insight into Election Mail volume by entry point that may help with future Postal Service capacity planning.

Examples of the Election Mail Checkbox are illustrated below.

PS Form 3600-FCM, *Postage Statement—First-Class Mail and First-Class Package Service*

The image shows a sample of PS Form 3600-FCM. A callout box highlights the 'Election Mail' section, which contains the following text:

☐ Round Trip ONLY: One DVD/CD or other disk.

This is a Political Campaign Mailing ☐ Yes ☐ No

This is Official Election Mail ☐ Yes ☐ No

PS Form 3602-R, *Postage Statement—USPS Marketing Mail*

The image shows a sample of PS Form 3602-R. A callout box highlights the 'Election Mail' section, which contains the following text:

This is a Political Campaign Mailing ☐ Yes ☐ No

This is Official Election Mail ☐ Yes ☐ No

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USPS Postmarking Guidelines

Fact Sheet for Election Mail

The Postal Service™ recognizes elections as the bedrock of our system of government. We greatly value our role in the election process as well as the relationships we have with election officials.

In response to mailers' and municipal officials' requests, in March 2014, the Postal Service began applying a cancellation mark to all letter pieces processed on USPS® Letter Automation Compatible Postage Cancellation Systems. This improvement enables First-

Class Mail® processed on Letter Automation Compatible Postage Cancellation Systems to identify the date the mail was processed at the mail processing facility near origin or drop shipment location (see Figures 1, 2, and 3). The cancellation mark has a variety of uses, including identifying the date the Postal Service accepted custody of balloting materials. Some states use Postal Service cancellation marks when determining if ballots are timely based on state regulations.

Figures 1, 2, and 3

Sample Alternative Cancellation Marks (Images not to scale)



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Next Steps

Fact Sheet for Election Mail

1. Familiarize yourself with the content of Kit 600, the 2020 Official Election Mail Kit.

For your convenience, we have also made Kit 600 available at <https://about.usps.com/election-mail/election-mail-resources.htm>.

2. Consult with your election mail coordinator.

Election mail coordinators are designated Postal Service™ employees specifically trained to help you with every aspect of the election mailpiece. Coordinators are available to discuss ordering, designing, preparing, and sending Election Mail.

Find your area's coordinator by using the Election/Political Mail coordinators map at <https://about.usps.com/gov-services/election-mail/political-mail-map.htm>.

3. Work with a mailpiece design analyst (MDA).

The Postal Service recommends that election officials always have all ballot envelope designs reviewed by an MDA. MDAs are experts on Postal Service mailpiece design standards and can ensure that all mailings are compliant with current Postal Service regulations and automation requirements.

For assistance customers may contact an MDA by calling the MDA Support Center at 855-593-6093 or emailing to MDA@usps.gov. The MDA Support Center hours are Monday through Friday, 8 a.m. to 5 p.m. Central Time (closed federal holidays). Also, mailpiece design information is available online at <https://postalpro.usps.com/mailing/mailpiece-design-analyst-mda-customer-service-help-desk>.

4. If you are interested in contracting with a mail service provider (MSP), consider consulting with a Full-Service certified mailer.

An MSP offers a variety of solutions to mail owners seeking assistance with the preparation and presentation of Full-Service presort mailings.

There are many advantages of using an MSP to prepare Election Mail. An MSP can do as follows:

- Provide/manage your address list.
- Print and/or presort your mailing.
- Enter your mailing with the greatest discounts available.
- Manage mailing feedback, such as address correction service data.
- Monitor mail quality reports.

To get started, contact your election mail coordinator and MDA before viewing the most recent list of MSPs at <https://postalpro.usps.com/certifiedmsps>.

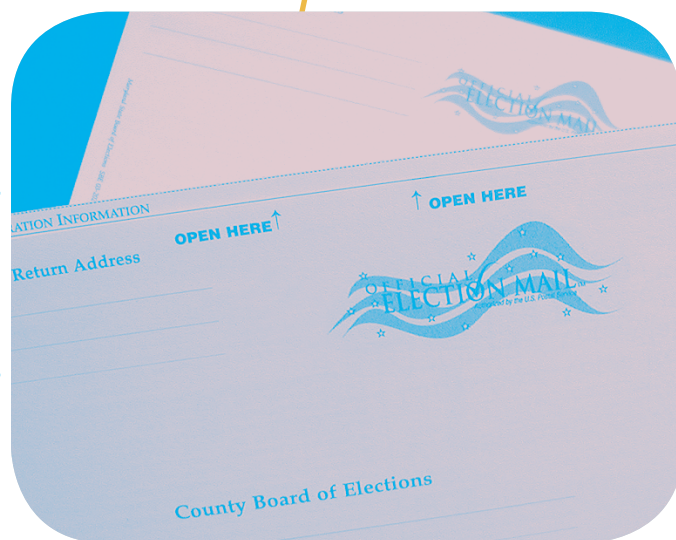
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EXHIBIT 7



STATE AND LOCAL ELECTION MAIL – USER'S GUIDE

May 2012
Publication 632



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How to Use this Guide

You will find eight sections in this guide. Each of the following sections provides information election officials must consider before they mail:

- I.** Determining the Appropriate Class of Mail
- II.** Using Reply Mail and Mailing to Military Personnel
- III.** Preparing Your Address List
- IV.** Consulting With a Postal Service Election Mail Coordinator to Plan the Mailing
- V.** Filing Required Forms for Postage Discounts and Other Mailing Services
- VI.** Working with the Postal Service Mailpiece Design Analyst to Ensure Mailpiece Quality
- VII.** Preparing and Presenting the Mailing
- VIII.** Election Mail Checklist

Each of the sections in this guide contains a brief description of the topic, the most pertinent items to consider, and references for additional information. The information in this guide and additional resources can be accessed through *usps.com*.

- Election Mail Web site at www.usps.com/electionmail. Contains material you need to prepare your mailings, including resources, FAQs, and direct links to the additional references mentioned in this guide.
- Postal Explorer at <http://pe.usps.com>. Contains information you need to make informed decisions.
- Quick Service Guides (QSG) at <http://pe.usps.com>. Contain concise explanations and useful illustrations covering most Postal Service requirements.
- *Mailing Standards of the United States Postal Service, Domestic Mail Manual (DMM)* at <http://pe.usps.com>. Manual for all domestic mail information and requirements.

Section I. Determining the Appropriate Class of Mail to Use

Which class of mail you will use to send your pieces depends on the following:

- What are you mailing (e.g., ballots, newsletters, and registration)?
- Does your mailpiece contain personal information?
- How are the mailpieces designed (e.g., dimensions, and card vs. envelope)?
- How quickly do you need the pieces delivered?
- How many pieces do you have?
- Do you want free forwarding and return (if pieces cannot be forwarded)?
- Will you require extra services (e.g., Certified Mail service, which provides you with a mailing receipt and delivery status)?

The main classes of mail you will want to consider are First-Class Mail and Standard Mail. The following table summarizes the important features of each.

Class of Mail	Speed	Free Forwarding and Return	Extra Services	Presort Discounts
First-Class Mail	Yes	Yes	Yes	Yes
Standard Mail	No	No	Only Parcels or Certificate of Mailing	Yes
Nonprofit Standard Mail	No	No	Only Parcels or Certificate of Mailing	Yes

What You Are Mailing

First-Class Mail: You may send mailable matter using First-Class Mail service. Some types of mail you must send using First-Class Mail service, including mail that has the character of personal correspondence. First-Class Mail service is closed against postal inspection. For a full definition of what must be sent using First-Class Mail service, see DMM 133.3.0.

Standard Mail: Standard Mail is mail that is not required to be sent as First-Class Mail. For a full definition of what you can send as Standard Mail, see DMM 243.2.0.

Nonprofit Standard Mail: The National Voter Registration Act of 1993 authorized voting registration officials to mail certain Standard Mail materials at the Nonprofit Standard Mail prices, which are lower than the Regular Standard Mail prices. For further information on what organizations are eligible to use Nonprofit prices and what kind of mail can be sent at Nonprofit prices, please refer to Publication 417, *Nonprofit Standard Mail Eligibility*. Applicable customer support rulings such as PS-323, "Computer-Prepared Mailpieces Entered by Nonprofit Organizations," can be found online at <http://pe.usps.com>.

How Your Mailpieces Are Designed

In addition to the contents of your mail, the weight, size, and design of your mail can affect which class of mail to use. First-Class Mail may weigh up to 13 ounces. Standard Mail, including Nonprofit Standard Mail, must weigh less than 16 ounces.

Various presort discounts apply to both First-Class Mail and Standard Mail. Additional discounts are available for automation prices, which have additional requirements. For further information, see DMM 201.3.1.

How Quickly You Need the Pieces Delivered

The standard delivery time for First-Class Mail service is 1–3 days. Standard Mail and Nonprofit Standard Mail pieces may take up to 9 days to be delivered. Work closely with your local Postal Service Coordinator to determine the most likely delivery times for your mailing.

How Many Pieces You Have

There is no minimum for the number of pieces that may be sent at First-Class Mail single-piece prices. If you have at least 500 pieces in the same size category (letter-size or oversize envelopes), you may be able to send them at First-Class Mail discount prices. For further information, see DMM 233. To send Standard Mail service, you need to have at least 200 pieces or 50 pounds in the same size category. For further information, see DMM 243.

Whether You Want Free Forwarding and Return

The Postal Service offers a number of options for how it treats mail that cannot be delivered to the address on the envelope. The mail can be forwarded to the new address, always returned to you, or discarded.

Note: The discard option is only available for Standard Mail. If you use First-Class Mail service, the forwarding and/or return services are free. If you use Standard Mail service and you want the mail returned, it must have the appropriate endorsement on the address side of the piece, and you will be charged for each piece that is returned. For further information, see DMM 507.1.5.1 and DMM 507.1.5.3.

If You Need Extra Services

The Postal Service has a number of service enhancements available for use with First-Class Mail service, called extra services. Extra services can be purchased for an additional fee. The extra service that is generally of most interest to election officials is Certified Mail service, which provides the sender with a mailing receipt and, upon request, electronic verification that the mailpiece was delivered or that a delivery attempt was made. For further information, see DMM 503.3.

Section II. Using Reply Mail and Sending Mail to Armed Forces Personnel and Overseas Voters

Business Reply Mail: If you provide return envelopes for mail such as ballots, consider using Business Reply Mail (BRM) service. BRM is a First-Class Mail service that enables you to pay the return postage (including a per-piece fee), for only the mail returned to you. You can distribute BRM cards, envelopes, self-mailers, cartons, or labels and have them returned to you at any Post Office. The pieces you distribute need to conform to a specific format, including use of a unique ZIP+4 code assigned by the Postal Service.

For more information on BRM, see Quick Service Guide 505 and DMM 505.1.0.

Qualified Business Reply Mail: If you are anticipating receiving 809 or more return pieces annually, consider the use of Qualified Business Reply Mail (QBRM). QBRM service provides you with discounts on postage and per-piece fees. It can be used only on automation-compatible cards and letter-size mail weighing up to 2 ounces. The design must be approved by the Postal Service before distribution, and there are requirements for advance deposits and accounting fees.

For more information on QBRM, see Quick Service Guide 505 and DMM 505.1.2 and 505.1.3.

Courtesy Reply Mail: Courtesy Reply Mail (CRM) consists of pre-addressed postcards or envelopes that you provide to the voters both to expedite their responses and to provide accurate delivery to the correct return address. CRM differs from BRM in that the voter is responsible for applying the correct postage to the return piece and no permit or fees are required. For further information, see Quick Service Guide 505.

Information about the features and benefits for BRM, QBRM, and CRM is available on the Reply Mail Web site at www.usps.com/business/reply-mail.htm.

Absentee Balloting Materials for Military Personnel and Overseas Voters:

You may send absentee balloting materials through the mail without prepayment of postage. Absentee balloting allows eligible persons in the following categories to apply for registration and vote by absentee ballot when absent from their place of voting residence:

- Members of the Armed Forces in active service and their spouses and dependents.
- Members of the U.S. Merchant Marine and their spouses and dependents.
- U.S. citizens residing outside the territorial limits of the United States and the District of Columbia and their spouses and dependents residing with or accompanying them.

You must prepare balloting materials in accordance with DMM 703.8.0 in order to mail without prepayment of postage.

Section III. Preparing Your Address List

Having an updated, correct, and complete address list will help ensure accurate and timely delivery of your mail. By maximizing your address quality, you can also minimize your mailing costs. The Postal Service has established minimum standards for address quality for certain postage rates.

Accurate and standardized addresses will help reduce the amount of undeliverable-as-addressed (UAA) pieces in your mailings. To learn more about the correct way to standardize your addresses, see Publication 28, *Postal Addressing Standards*.

Address Hygiene Tools

The Postal Service has a variety of products and services that will help improve the accuracy of your mailing lists, the quality of the physical addresses, and move updates. These products and services are available through either the Postal Service or private mail service providers.

Physical Address Hygiene and Quality

The following four products will help ensure that all your addresses are deliverable — and also identify all that are not:

a. Coding Accuracy Support System (CASS).

CASS-certified address matching software will help standardize your addresses and update your files with ZIP+4 codes. You can get CASS-certified software from numerous mail service providers or have your own software CASS-certified. Having ZIP+4 codes on your mail improves the speed and efficiency of your mail delivery and can reduce postage rates.

b. Delivery Point Validation (DPV). DPV can confirm the existence of an address on a mailing list as a valid delivery point and helps you identify inaccurate or incomplete addresses. You must use the DPV product in conjunction with CASS-certified address matching software. DPV is available from various vendors or can be acquired by the end user.

c. Address Element Correction (AEC).

AEC is an entirely computerized address correction process which uses logic routines to assist in ZIP+4 coding previously un-coded addresses, allowing mail to qualify for automation rate discounts.

d. Address Element Correction II (AEC II).

AEC II is for addresses that AEC cannot resolve electronically. In AEC II, addresses are sent to delivery personnel, carriers, and clerks in local Post Offices for resolution.

Move Update Options

Mailers are required to update all addresses on discounted First-Class Mail within 185 days before a mailing. The Postal Service makes the following Move Update options available to mailers at reasonable costs. You need to determine which of the following methods works best for your organization:

a. NCOALink® Systems. The NCOALink process provides change-of-address (COA) data, submitted by relocating customers on PS Form 3575, for the 18 or 48 months prior to a mailing. Updated, computerized change-of-address information is provided on a regular basis to the NCOALink licensees by the Postal Service. NCOALink is very effective because it corrects your addresses before you mail.

b. Address Change Service (ACS). ACS provides mailers a cost-effective means of obtaining current residential change-of-address information when mail is undeliverable-as-addressed (UAA). ACS allows you to update address files electronically, eliminating the cost, time, and errors of manual keying. ACS provides mail-forwarding information in days, rather than weeks, after a new change-of-address becomes effective. A fee is charged for each address record. With ACS, you get corrected information after the mailing.

c. Ancillary Service Endorsements (ASE).

Ancillary service endorsements are used to request an addressee's new address and to provide the Postal Service with instructions on how to handle undeliverable-as-addressed mail. Only the "Return Service Requested" endorsement meets the Move Update standard. ASE gives you information after a mailing. For more information on endorsements, see DMM 507.1.5.1.

More Addressing Tips for Election Mailers

To help you with the processing of your mail, consider including the following information on your mail in addition to the voter name and address:

- Election date or code.
- Voter identification.
- Precinct number or name.
- Party code (primary election only; party code may not be used to disclose to the public what party the voter is affiliated).

However, if you include this type of information on your election mail, it should be printed so it is not in the optical character read area used by Postal Service processing equipment to read the delivery address. If voter information must appear in the delivery address block area (i.e., address labels are used for both the voter information and the delivery address), then the voter information line should appear above the recipient line of the delivery address.

A Postal Service Mailpiece Design Analyst (MDA) can assist you, at no charge, with this and other aspects of proper mail design. Also, mailpiece design information is available online at http://pe.usps.com/mpdesign/mpdfr_intro_all.asp.

For more information on Postal Service addressing products and services, contact:

NATIONAL CUSTOMER SUPPORT CENTER
UNITED STATES POSTAL SERVICE
6060 PRIMACY PKWY STE 201
MEMPHIS TN 38188-0001

TEL.: (800) 238-3150

FAX: (901) 767-8853

Addressing Official Election Mail to Persons Overseas and in the Military

Foreign addresses except Canada: The very last line of mail addressed to a foreign country should contain the country name printed in capital letters (no abbreviations). When using a foreign postal code, place it on the line above the country of destination. Example:

MR THOMAS CLARK
117 RUSSELL DRIVE
LONDON WIP 7HQ
ENGLAND

Canadian addresses: For mail addressed to Canada, the last line of the address must show only the country name, written in full (no abbreviations) and in capital letters. There must be two spaces between the province abbreviation and the postal code, as shown below between ON and K1A 0B1. Example:

MRS HELEN K SAUNDERS
1010 CLEAR STREET
OTTAWA ON K1A 0B1
CANADA

Military addresses: Overseas mail addressed to military personnel must show grade; full name, including first name and middle name or initial; and unit number. The last line must contain the APO or FPO designation and the appropriate two-letter "state" abbreviation (AA, AE, or AP), followed by the ZIP+4 or 5-digit ZIP Code. Examples:

PC1 DAVID LEE JONES
X-1 DIV/ADMIN
USS KITTY HAWK (CVA-61)
FPO AP 96634-2770

PFC SUSAN M SMITH
COMPANY A 122 SIG BN
UNIT 20511 BOX 4290
APO AA 34049-2342

For additional information on mailing to foreign countries, consult *Mailing Standards of the United States Postal Service*, International Mail Manual (IMM®) available online at <http://pe.usps.com>.

Section IV. Consulting With a Postal Service Election Mail Coordinator to Plan the Mailing

The Postal Service will help you with every step of your mailing process. Consult with a Postal Service Election Mail Coordinator to plan the mailing.

For assistance with mailpiece design, contact a Mailpiece Design Analyst (MDA) by calling the MDA Support Center at 855-593-6093 (hours of operation are Monday–Friday, 7 a.m.–5 p.m. CT) or by sending your request by e-mail to mda@usps.gov. Also, mailpiece design information is available online at http://pe.usps.com/mpdesign/mpdfr_intro_all.asp.

Consult With Your Local Postal Service Coordinator

Contact your local Postal Service Election Mail Coordinator to arrange a meeting. You may also want to have direct contact with all local Post Offices within your county to help coordinate your mailing. In the meeting, include the following people:

- All your personnel involved in ordering, designing, addressing, and preparing mail.
- Any outside mail service providers or suppliers you are using.

In the meeting, your Postal Service Election Mail Coordinator will discuss the logistics of your mailings with you, including the following:

Delivery date. When planning the date, you will want to consider the size of the mailing, the time sensitivity of the contents, and the class of mail (e.g., First-Class Mail, Standard Mail). For ballots, take into consideration holidays and 3-day weekends so that ballots will not sit in mailboxes over a long weekend. The Postal Service delivers 6 days a week, Monday through Saturday, but does not deliver on national holidays. Because different classes of mail have different service standards, the

Postal Service recommends the use of First-Class Mail service to obtain timely delivery.

When to give the mailpieces to the Postal Service.

The Postal Service can help schedule a time that allows for the immediate acceptance of your mailing. If more than one county is involved, it is important to coordinate the time of acceptance for each.

Where to give the mail to the Postal Service.

Typically, you will give your mail to a business mail entry unit, but larger Post Offices may need to direct the mailing to a specific dock area.

Bulk preparation supplies and equipment you will need.

Talk with your Postal Service Election Mail Coordinator about Postal Service supplies (e.g., forms, tags, trays, sacks), and when and where you can order them. There are no charges for these items. The Postal Service recommends the use of Tag 191, *Domestic and International Mail-in Ballots*, on tray and sack containers to identify official ballot mail while in the mailstream.

Required forms and mailing profiles. Forms are required if you want to mail at bulk (large-volume) discount postage rates for First-Class Mail, Standard Mail, or Nonprofit Standard Mail.

Options for mail that cannot be delivered.

Discuss how you want the Postal Service to handle mail that is undeliverable-as-addressed; see Ancillary Service Endorsements in Section III.

Return Address options. You have a number of options for your return mailing address for completed ballots, including the following:

- Use your office address and ZIP+4 code.
- Rent a Post Office box. This service allows you to pick up your mail during the hours the box lobby is open.
- Rent a “phantom” Post Office box (caller service). Caller service is a premium service available for a fee, which allows you to pick up mail at a Post Office call window or loading dock when the office is open.

Section V. Filing Required Forms for Postage Discounts and Other Mailing Services

The forms you will need are available through your local Post Office and on the Internet at *usps.com*.

For Postage Discounts Use PS Form 3615

If you want to send your mail using First-Class Mail service and receive discounts based on the volume and preparation of your mailings, or if you want to send Standard Mail, you will need to obtain a permit from the Postal Service. This can be done by using PS Form 3615, *Mailing Permit Application and Customer Profile*.

For Authorization for Nonprofit Status Use PS Form 3624

If you want to mail any of your mailpieces using Nonprofit rates, you will first need to obtain authorization from the Postal Service. To do so, submit PS Form 3624, *Application to Mail at Nonprofit Standard Mail Prices*, to apply.

For more information, see Publication 417, *Nonprofit Standard Mail Eligibility*.

For Business Reply Mail Use PS Forms 3615 and 6805

To apply for a permit to use BRM, complete PS Form 3615, *Mailing Permit Application and Customer Profile* (see above).

Once you have your permit, you can give permission to your authorized representative to distribute and receive BRM pieces at other Post Offices using your permit number. For further information, see DMM 505.1.11.

If you want to use QBRM, you will also need to complete PS Form 6805, *Qualified Business Reply Mail (QBRM) Application*. For further information, see DMM 505.1.3 and 505.1.10.

Section VI. Working With Your Mailpiece Design Analyst to Ensure Mailpiece Quality

Mailpiece design is one of the most critical components in determining your mailing costs. Properly designed mail can allow you to receive automation rate discounts.

Consult With Your Mailpiece Design Analyst Before Printing Your Envelopes

Most of your questions about mailpiece design can be answered by a Postal Service Mailpiece Design Analyst (MDA).

Consult with an MDA to discuss the design for the cover or envelope of every mailpiece you plan to mail (e.g., postcards, envelopes, or larger mail such as manila envelopes and catalogs, also known as flats). This service is free, and it can save significant costs for your mailing operation.

Provide at least 25 examples to the MDA for review, using new samples, or if none are available, materials from similar past mailings. The MDA will check to see if they meet current Postal Service standards for automation (e.g., envelope dimensions, paper stock, and ink colors for readability) and general mailability.

Ask the MDA to do the following:

- Help you design outgoing and return envelopes to meet automation-compatibility standards.
- Review and assist with proper wording and placement of postal markings and endorsements on your envelopes.
- Review the blueline or PDF file of your envelopes, postcards, and other mail before it is printed, and provide recommendations for improvement.

More Design Tips for Election Mailers

- Always consider using the Official Election Mail logo. The purpose of the Official Election Mail logo is to alert all Postal Service employees that (1) the mail so designated is either from or to an official state or local election organization, and (2) appropriate handling should be provided.
- Consider possible weight limitations. Printing instructions and information on both sides of forms will reduce the amount of paper and overall weight of your mail, saving postage costs.
- Consider different colors for different ballot types, districts, elections, parties, or inserts. Instead of colored envelopes, consider using colored bands that encircle only part of the envelopes, but away from the delivery address. Discuss this with your MDA.
- Some ink and paper colors will not work well on automated postal equipment. Discuss potential colors with your MDA.
- If the return mailpiece weighs more than 1 ounce, add printing on the return envelopes to notify voters they need more than one stamp to return the ballot. Alternatively, consider redesigning the return envelopes to reduce the need for additional postage.

Design Resources

Other sources of information include:

- Quick Service Guides. The Quick Service Guides (QSG) provide information covering design of letters, cards, flats, and various reply forms for automation compatibility, along with schematics, as well as the requirements for absentee ballot design. Find them at <http://pe.usps.com>.
- Postal Explorer. Most of the information you need to make informed decisions can be found using Postal Explorer at <http://pe.usps.com>, especially the mailpiece design information available online at http://pe.usps.com/mpdesign/mpdfr_intro_all.asp.

- Publication 28, *Postal Addressing Standards*.
- Publication 177, *Guidelines for Optimizing Readability of Flat-Size Mail*.
- Publication 178, *Recommendations for Designing Flat-Size Mail*.
- Publication 631, *Official Election Mail — Graphic Guidelines and Logos*.
- Election Officials' Mailing Resources page at www.usps.com/electionmail.

Section VII. Preparing and Presenting the Mailing

At Least 2 Weeks Before Election Day, Finalize Your Plans

- Let your postal Election Mail team know if you want to pick up returning ballots at a Postal Service facility each day or have them delivered to your election office with your regular mail. If you want to pick up your mail, coordinate with your Postal Service Election Mail Coordinator to see if this can be arranged and the best time for pick up. This option will allow you to get the election mail as early as possible. This is another reason to consider using Post Office box service or caller service.
- Let your Postal Service Election Mail Coordinator know your cut-off time for receiving returned ballots. Arrange the latest time when an election official may pick up last-minute returns.
- Obtain carts, pallets, trays, sacks, labels, tags, and stickers. If you use a mailing service, be sure to verify that the service will be providing all the needed supplies or can obtain them for you.
- Depending on what you are mailing, you will need one or more of the following forms that you will present to the Postal Service along with your mail.
 - PS Form 3600 series for First-Class Mail
 - PS Form 3602 series for Standard Mail

These forms are available on the Postal Service Web site. Go to www.usps.com. Click on *Forms and Publications*, and then on *Postage Statement Wizard*.

Section VIII: Election Mail Checklist

The following suggested checklist will help ensure a successful mailing:

Decide the most appropriate class of mail to use

- ☐ Consider the specific purpose for the mailing (e.g., information, ballots, and voter registration)
- ☐ Determine the size of the mailing
- ☐ Determine if the mailing needs to be delivered within a certain window of time
- ☐ Determine if the mailing should or must go as First-Class Mail
- ☐ Determine if the mailing must meet address or Move Update requirements
- ☐ Determine if the mailing needs to have an ancillary service endorsement (e.g., Return Service Requested)
- ☐ Determine if the mailing needs any Extra Services (e.g., Certified Mail, Registered Mail)

Determine if the mailing needs to include a reply piece

- ☐ Decide if you plan to use Business Reply Mail or Courtesy Reply Mail
- ☐ Decide if it is cost effective to use QBRM

Prepare your address list

- ☐ Decide who should receive the mailpieces
- ☐ Compile your address list
- ☐ Ensure proper address list hygiene
- ☐ Validate physical address accuracy
- ☐ Validate that you meet the Move Update standard, if applicable

Call your Postal Service Election Mail Coordinator

- ☐ Discuss when you intend to present the mail to the Postal Service
- ☐ Discuss your delivery date requirements
- ☐ Determine where and when the mailpieces must be presented to the Postal Service to meet your delivery requirements
- ☐ Determine the best method of receiving return mail (e.g., P.O. box or Caller Service)
- ☐ Determine the best time to pick up the mail each day
- ☐ Determine the latest time when an election official can pick up returns
- ☐ Determine the final date for receiving return mail
- ☐ Determine the necessary postal equipment and supplies needed
- ☐ Determine payment method
- ☐ Determine what forms are needed for mailing and for postage payment

File required forms for postage discounts and other mailing services (if needed)

- ☐ PS Form 3615, *Mailing Permit Application and Customer Profile* (for Permit Imprint and Business Reply Mail permits)
- ☐ PS Form 3624, *Application to Mail at Nonprofit Standard Mail Prices*
- ☐ PS Form 3623, *Request for Confirmation of Authorization (or Pending Application) to Mail at Nonprofit Standard Mail Prices*
- ☐ PS Form 1093, *Application for Post Office Box Service*
- ☐ PS Form 1093-C, *How to Apply for Post Office Caller Service*
- ☐ PS Form 6805, *Qualified Business Reply Mail (QBRM) Application*

Work with a Mailpiece Design Analyst to ensure mailpiece quality

- ☐ Consider using the Official Election Mail logo
- ☐ Consider appropriate colors, weight limitations, proper wording, placement of postal markings, etc.

- ☐ Consider coding additional information onto the mailpiece (e.g., dates, voter ID)
- ☐ Obtain an evaluation of the final mailpiece design before printing

Prepare and present the mailing

- ☐ Print mailing in time for preparation and delivery to Post Office
- ☐ Obtain postal supplies and equipment (e.g., carts, trays, stickers, rubber bands, tags)
- ☐ Prepare mailing for delivery to Post Office
- ☐ Obtain and complete postage statements to be presented with mailing:
 - If using Bulk First-Class Mail, you will need to use one or more forms in the 3600 series
 - If using Standard Mail, you will need to use one or more forms in the 3602 series
- ☐ Present mailing, postage statement, and check (payment) for postage account, if needed

Note: The following are trademarks of the United States Postal Service: ACS™, AEC II®, Business Reply Mail®, CASS™, Certified Mail®, Courtesy Reply Mail™, DMM®, DPV®, Express Mail®, First-Class Mail®, NCOALINK®, Official Election Mail®, Post Office™, Postal Explorer®, Postal Service™, Standard Mail®, USPS®, usps.com®, ZIP+4®.

EXHIBIT 8

**OFFICIAL ELECTION MAIL –
GRAPHIC GUIDELINES
AND LOGOS**

**January 2020
Publication 631**



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Official Election Mail Logo

The Official Election Mail logo is a unique registered trademark designed exclusively for inclusion in the design of Official Election Mail. The United States Postal Service® created the logo in cooperation with the Joint Election Official Liaison Committee to help federal, state, and local government election officials carry out their responsibilities under the National Voter Registration Act of 1993. The logo design features an interpretation of the stars and stripes of the American flag, and the words “Official Election Mail,” clearly visible over the designation — “Authorized by the U.S. Postal Service.”

This guide is intended to provide information regarding the proper usage of the Official Election Mail logo in accordance with Postal Service™ rules and regulations, and to ensure mail containing the logo can be processed in an efficient and cost-effective manner. Correct usage of the logo by election officials helps to ensure the intent and credibility of this symbol remain intact.

The Official Election Mail logo should be used on any mailpiece created by an election official that is mailed to or from a citizen of the United States for the purpose of participating in the voting process. This includes balloting materials, voter registration cards, absentee applications, polling place notifications, and voter reply mail. The logo should be used on all classes of mail and all processing categories; however, it is not intended to upgrade service or substitute for postage.

When the Official Election Mail logo appears on a mailpiece, voters recognize the mail as important and distinct from partisan political mailings. Additionally, the logo serves to identify Official Election Mail for Postal Service workers and distinguish it from the thousands of other mailpieces that are processed daily.

Since this logo is a registered trademark, it is important for election officials to:

- Read and comply with the requirements for its use.
- Call 855-593-6093 to consult with a Postal Service mailpiece design analyst (MDA) to determine how to incorporate the logo into the design of Official Election Mail, or email requests or questions to MDA@usps.gov.

Conditions of Use

The Postal Service grants a limited license to use the Official Election Mail logo only under the conditions set forth in 1 through 4 of this section. The Postal Service views any use of the logo inconsistent with these conditions as an infringement of its intellectual property rights.

1. This license is granted only to federal, state, and local government voter registration and election officials. Use by any other person or entity is not approved or licensed and will be considered an infringement of the rights of the Postal Service.
2. The Official Election Mail logo must be used only on Official Election Mail, mailed under the authority of an election official. The logo may not be used on any partisan mailings.
3. The Postal Service reserves the right to obtain information regarding the scope of use, to seek the termination of all unauthorized uses, and to pursue all legal remedies available.
4. Use of the logo must conform strictly to the guidelines set forth in this guide. Placement of the logo on a mailpiece must not interfere with the postage area, address area, return address area, or barcode clear zone.

Find more information about classes of mail, preparation requirements, rules, regulations, and policies online at pe.usps.com.

For questions about mailpiece design and placement of the Official Election Mail logo and to receive camera-ready artwork of the Official Election Mail logo, send requests to an MDA either by emailing MDA@usps.gov or by calling 855-593-6093.

Direct your questions regarding the limited use, conditions, and legal policy related to the Official Election Mail logo to ElectionMailProgramManager@usps.gov.

Small Use

Use the small application only on labels, postcards, and envelopes that do not exceed 4 1/8 inches x 9 1/2 inches (Standard #10 envelope).

**Medium Use**

Use the medium application on small- to medium-size envelopes that exceed 4 1/8 inches x 9 1/2 inches (Standard #10 envelope).

**Large Use**

Use the large application on placards and all other envelopes, which are large, oversized, and exceed 6 1/8 x 11 1/2.

**Color and Print Specifications**

The following apply:

- Print the Official Election Mail logo using one of these color options:
 - Black.
 - PMS 301 Blue.
 - PMS 485 Red.
- Print the logo only on a light colored background.
- Print the stripes/waves at 40 percent of the selected color.



40%

100%



Black



40%

100%



PMS 301



40%

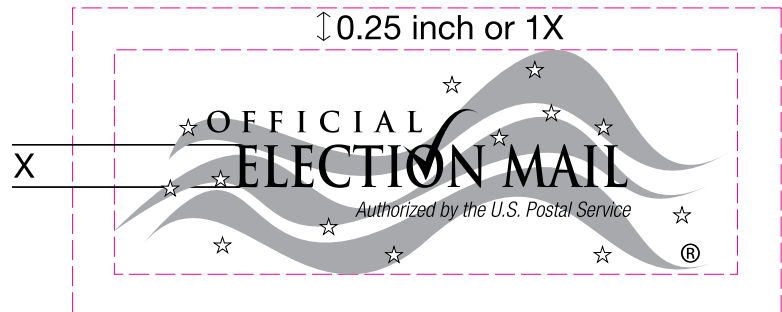
100%



PMS 485

Clearance Area – All Uses

For the small, medium, and large logo, use a clearance area of at least 0.25 inch or 1X the height dimension of the words “ELECTION MAIL,” whichever is larger around the entire logo. Do not place other graphics inside the clearance area, this includes the address, postage, and return information. There must also be a clearance area of at least 0.25 inch or 1X the height dimension of the words “ELECTION MAIL,” whichever is larger between the top of the logo and top of the envelope, postcard, or label.



Clearance Area – A minimum 0.25 inch clearance around entire logo, or 1X the height dimension of “ELECTION MAIL” if it exceeds the minimum clearance.

Postage Area

Effective October 7, 2013, **balloting materials for any election, whether disseminated in hardcopy or electronically, must indicate in a prominent location the proper amount of First-Class Mail® postage that must be applied, except in certain circumstances for balloting materials for military and overseas voters or where postage is prepaid.**

This information must be included in the balloting materials (i.e., on the ballot, ballot instructions, mailing instructions, or the envelope) with the marking “First-Class Mail postage must be applied.” The marking “Apply First-Class Mail postage here” could be printed in the upper-right corner of the address side of the envelope used by the voter to return the marked ballot to election officials. The Postal Service will also accept approved variations of the indicia enumerated above.

The marking requirements will not apply to balloting materials that meet one of the following exceptions:

- The balloting materials fall under the special exemptions for military and overseas voting.
- The ballot is returned under Business Reply Mail® service.
- Return postage is guaranteed through a postage due account.
- Postage on the ballot is prepaid by stamps, meter, or Permit Reply Mail.

Placement

On envelopes:

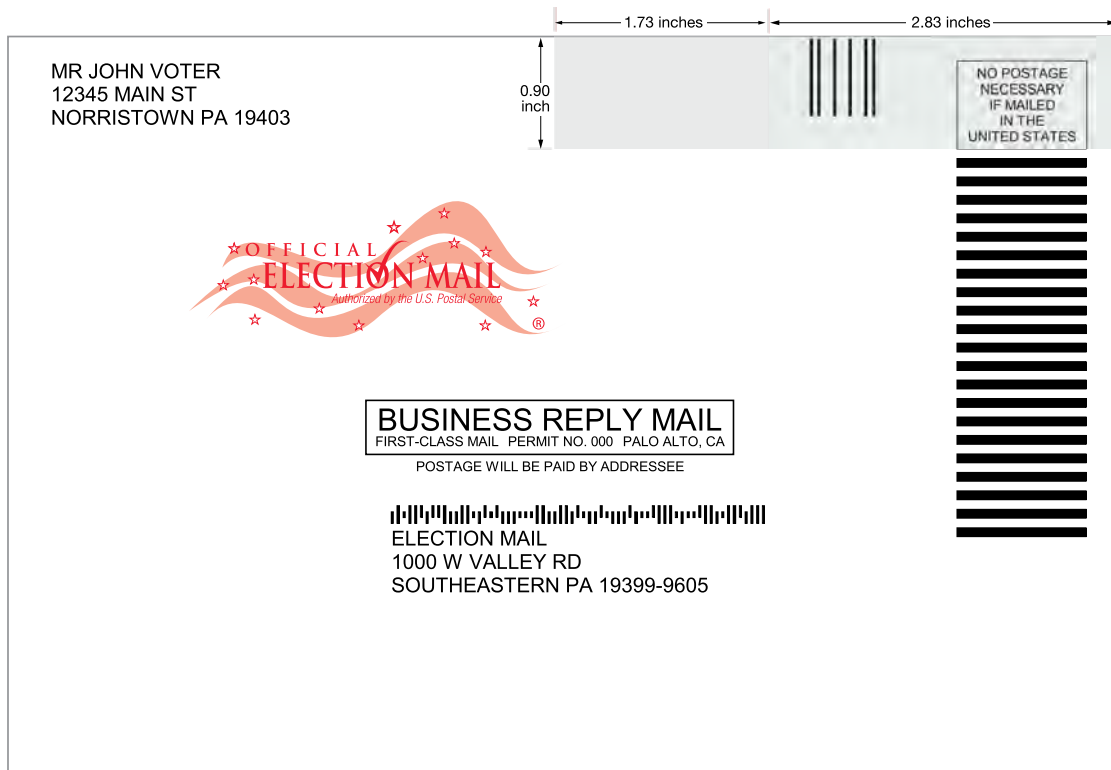
- Place the Official Election Mail logo on the address side of the mailpiece.
- Avoid having the logo encroach upon the address area and the area for the indicia or postage stamp and the exclusion zone (shown in gray in the graphics). The exclusion zone, which establishes a clear area for a USPS cancellation mark, is 1.73 inches in length, with its right edge placed 2.83 inches from the mailpiece's right edge and its bottom edge placed 0.90 inch from the top of the mailpiece.

- Place the logo vertically from the top edge of the envelope to the top edge of the address area.
- Maintain the clearance area around the logo to keep an identification of the mailpiece as it goes through the system.

Exclusion Zone

Except for the indicia and the USPS Facing Identification Mark, avoid placing graphics or print in the exclusion zone, because they might obscure the legibility of the USPS-applied cancellation mark if used.

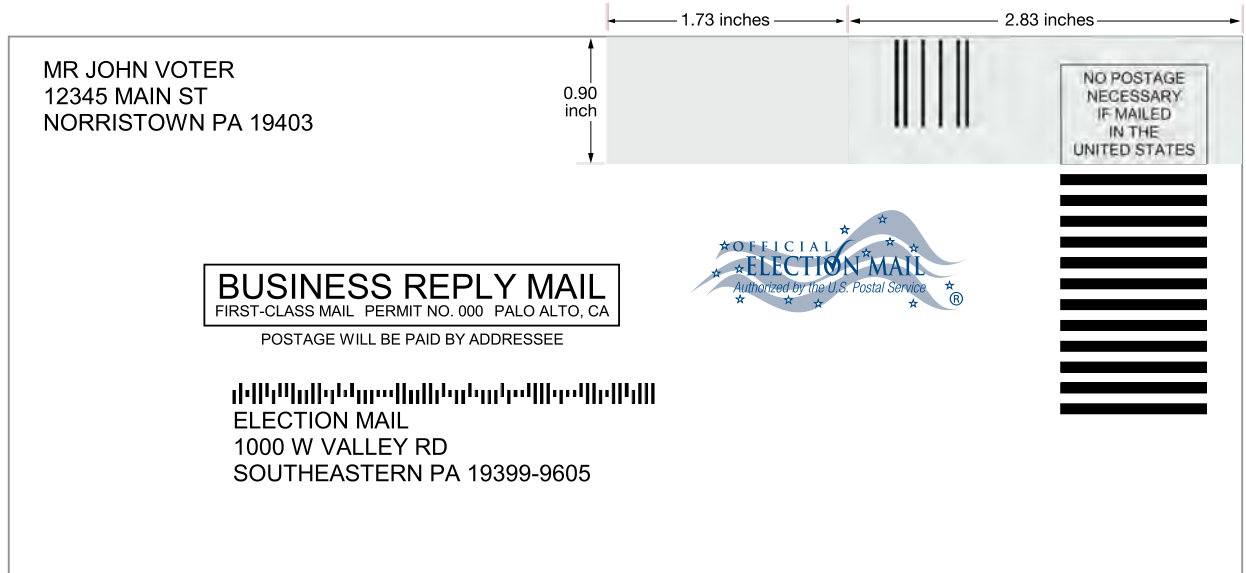
Sample 6 inches x 9 inches Business Reply Mail Envelope (Exclusion zone is shown in gray.)



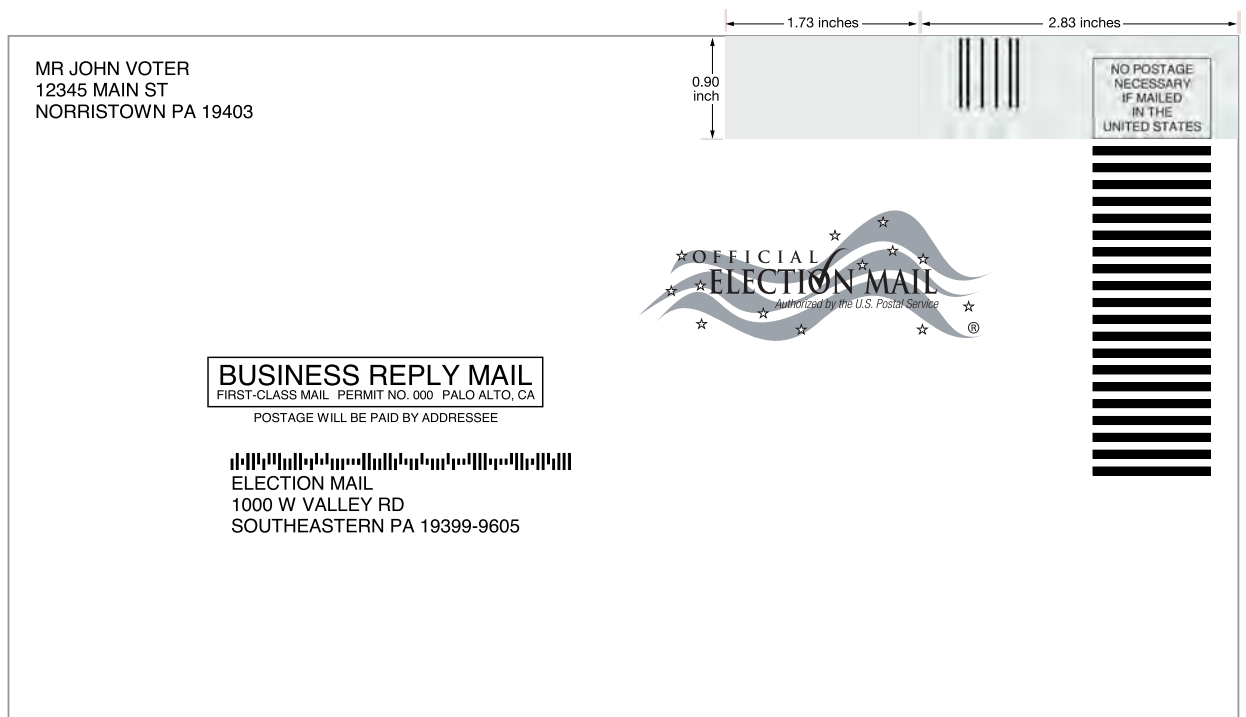
NOT TO SCALE

Official Election Mail

Graphic Guidelines and Logos

Sample 3.875 inches x 8.875 inches Business Reply Mail Envelope (Exclusion zone is shown in gray.)

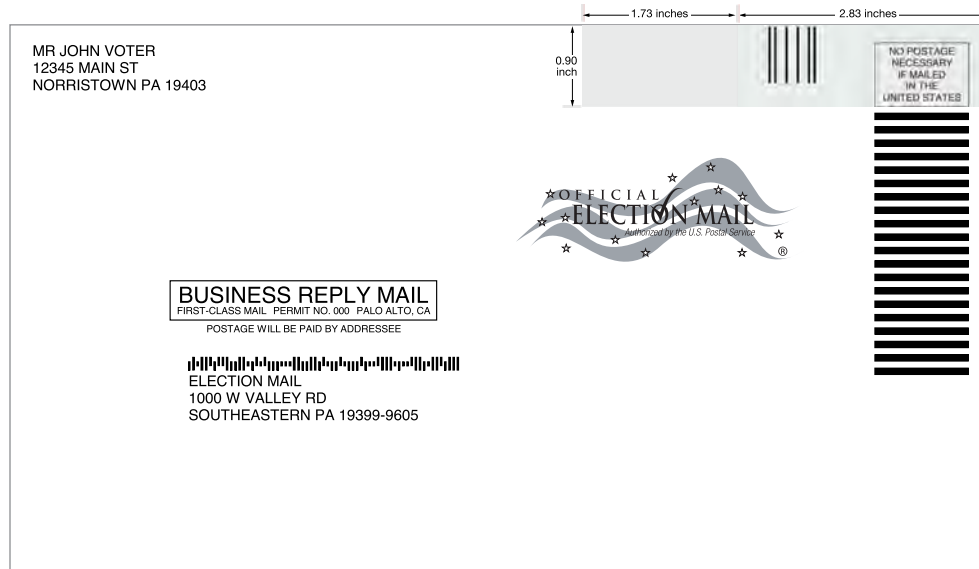
NOT TO SCALE

Sample 4.125 inches x 9.5 inches Business Reply Mail Envelope (Exclusion zone is shown in gray.)

NOT TO SCALE

Official Election Mail

Graphic Guidelines and Logos

Sample 6.125 inches x 11 inches Business Reply Mail Envelope (*Exclusion zone is shown in gray.*)

NOT TO SCALE

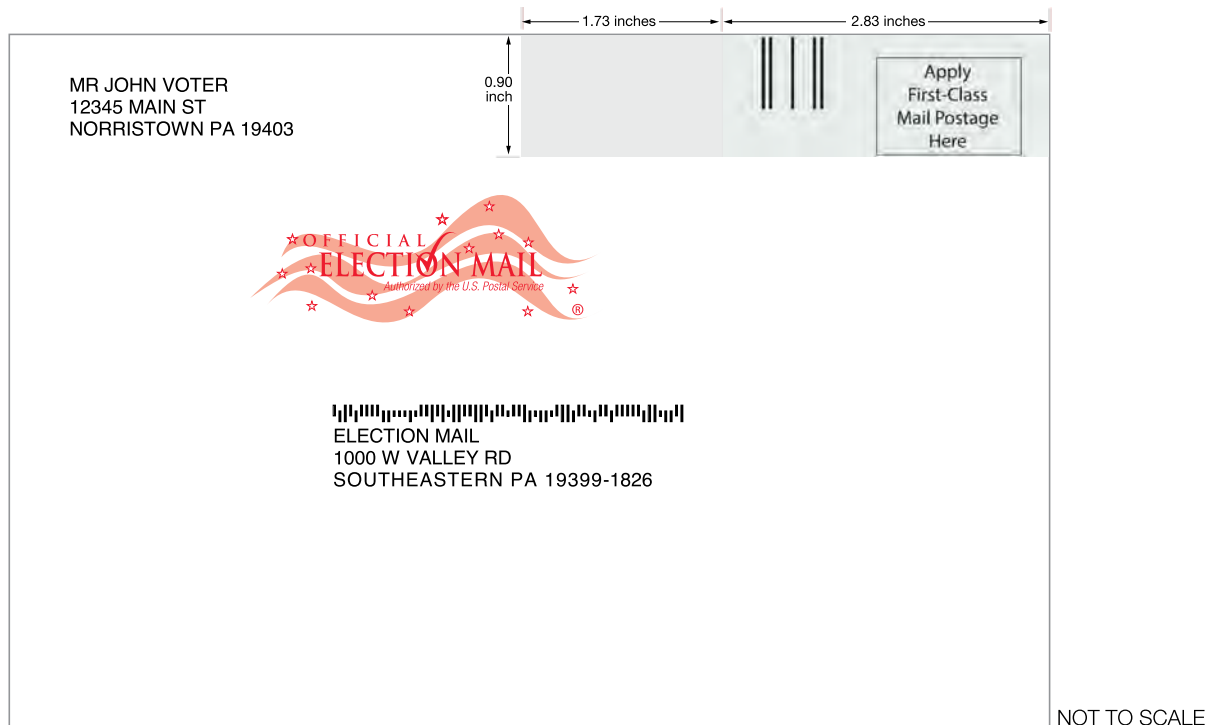
Sample 9 inches x 12 inches Business Reply Mail Envelope (*Exclusion zone is shown in gray.*)

NOT TO SCALE

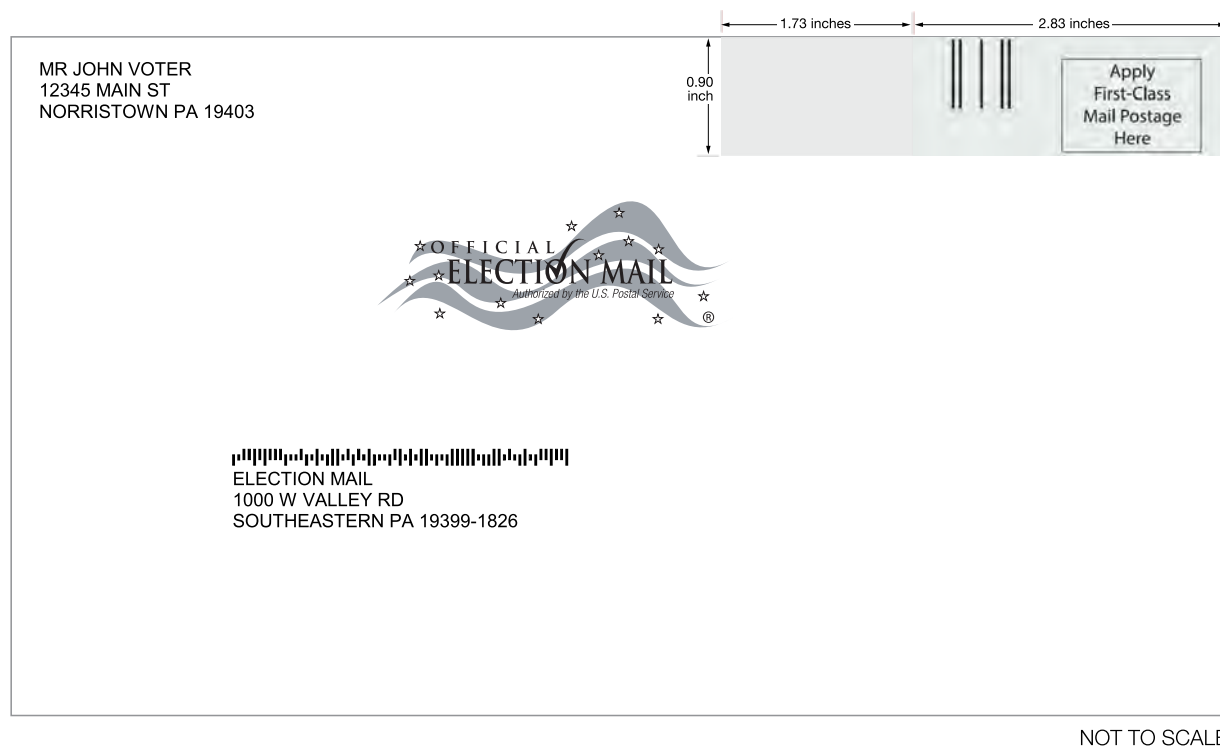
Official Election Mail

Graphic Guidelines and Logos

Sample 6 inches x 9 inches Courtesy Reply Mail Envelope (Exclusion zone is shown in gray.)

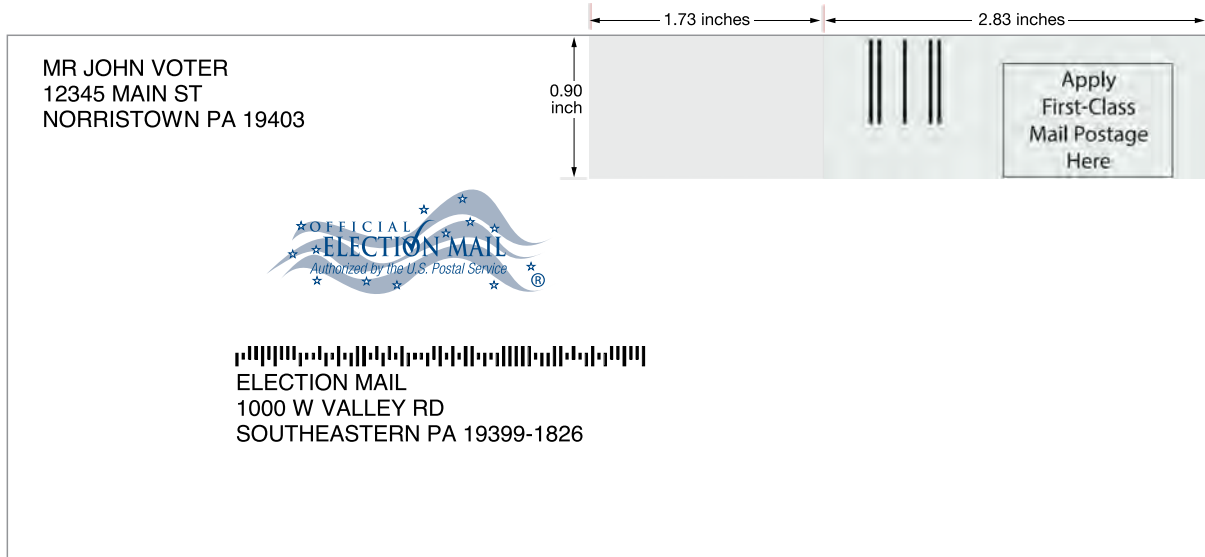


Sample 6.125 inches x 11 inches Courtesy Reply Mail Envelope (Exclusion zone is shown in gray.)

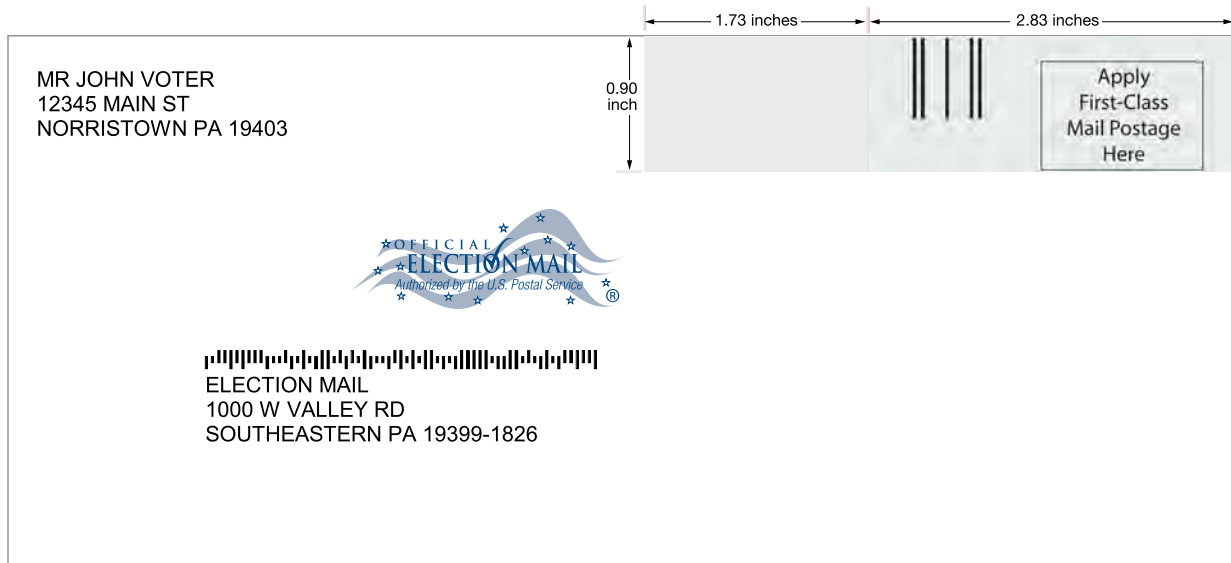


Official Election Mail

Graphic Guidelines and Logos

Sample 3.875 inches x 8.875 inches Courtesy Reply Mail Envelope *(Exclusion zone is shown in gray.)*

NOT TO SCALE

Sample 4.125 inches x 9.5 inches Courtesy Reply Mail Envelope *(Exclusion zone is shown in gray.)*

NOT TO SCALE

Official Election Mail

Graphic Guidelines and Logos

Sample 9 inches x 12 inches Courtesy Reply Mail Envelope (Exclusion zone is shown in gray.)

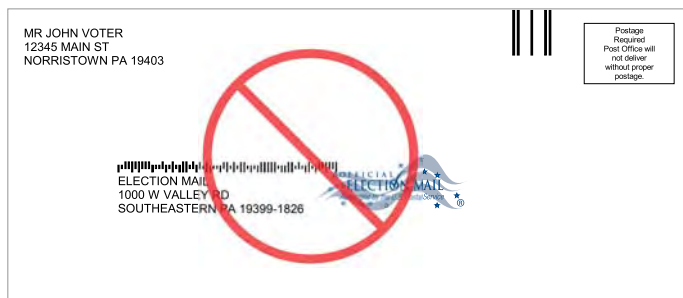
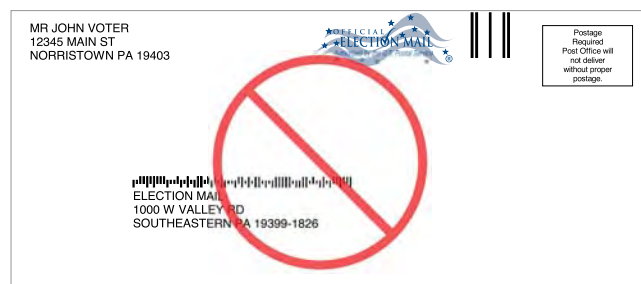
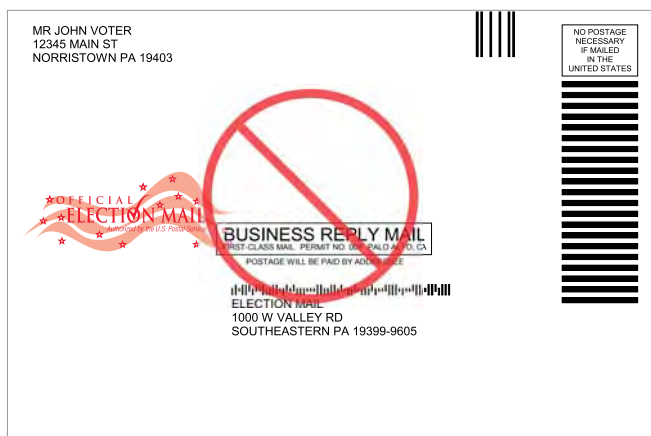
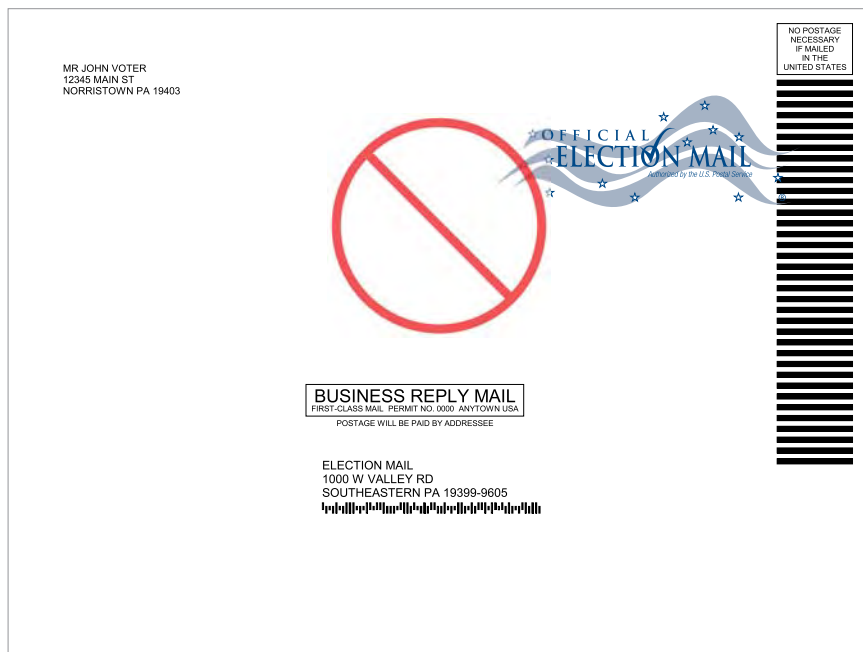


NOT TO SCALE

Official Election Mail

Graphic Guidelines and Logos

Samples of Incorrect Official Election Mail Logo Usage



NOT TO SCALE

Reference — USPS Official Election Mail Logo

The USPS® Official Election Mail logos below have been specially created. Do not alter or resize the logo when reproducing it. The ® (registered mark) should never be smaller than 5pt. For the small, medium, and large logo, use a clearance area of at least 0.25 inch or 1X the height dimension of the words "ELECTION MAIL," whichever is larger around the entire logo.

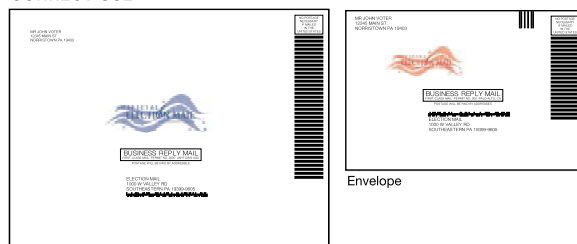
SMALL USE (for labels, postcards and envelopes not exceeding 4 1/8 inches x 9 1/2 inches)



MEDIUM USE (for envelopes which exceed 4 1/8 inches x 9 1/2 inches)



LARGE USE (for placards and all other envelopes which are large and oversized)

**CORRECT USE**

Envelope



Envelope

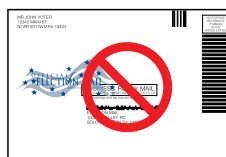
PLACEMENT OF LOGO

Place the Official Election Mail logo on the address side of the mailpiece while avoiding the address area and the area for the indicia or postage stamp. Place the logo vertically from the top edge of the envelope to the top edge of the address area. Maintain the clearance area around the logo to keep an identification of the mailpiece as it goes through the system. Do not place anything above the logo.

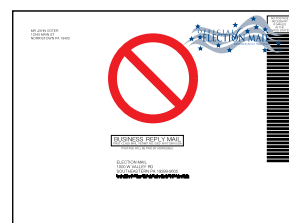
INCORRECT

Envelope

Envelope

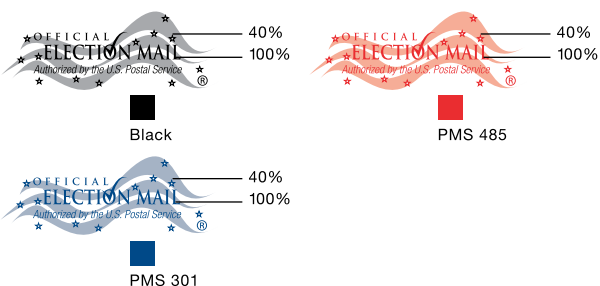


Envelope



Envelope

LOGO COLORS (Official Election Mail) logos can only be printed in Black, PMS 485 or PMS 301

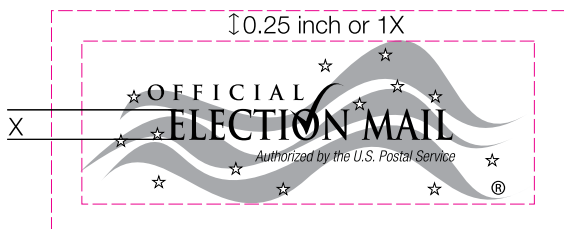


Black

PMS 485

PMS 301

Clearance area – A minimum 0.25 inch clearance around entire logo, or 1X the height dimension of "ELECTION MAIL" if it exceeds the minimum clearance.



Conditions of use:

The Postal Service grants a limited license to use the Official Election Mail logo only under the conditions set forth in 1 through 4 below. The Postal Service views any use of the logo inconsistent with these conditions as an infringement of its intellectual property rights.

1. This license is granted only to federal, state, and local government voter registration and election officials. Use by any other person or entity is not approved or licensed and will be considered an infringement of the rights of the Postal Service.
2. The Official Election Mail logo must be used only on Official Election Mail, mailed under the authority of an election official. It may not be used on any partisan mailings.
3. The Postal Service reserves the right to obtain information regarding the scope of use, to seek the termination of all unauthorized uses, and to pursue all legal remedies available.
4. Use of the logo must conform strictly to the guidelines set forth in this guide. Placement of the logo on a mailpiece must not interfere with the postage area, address area, return address area, or barcode clear zone.

Find more information about classes of mail, preparation requirements, rules, regulations, and policies online at pe.usps.com.

For questions on mailpiece design and placement of the Official Election Mail logo and to receive camera-ready artwork of the Official Election Mail logo, send requests to a mailpiece design analyst either by emailing MDA@usps.gov or by calling 855-593-6093.

Direct your questions regarding the limited use, conditions, and legal policy related to the Official Election Mail logo to ElectionMailProgramManager@usps.gov.

1/2020

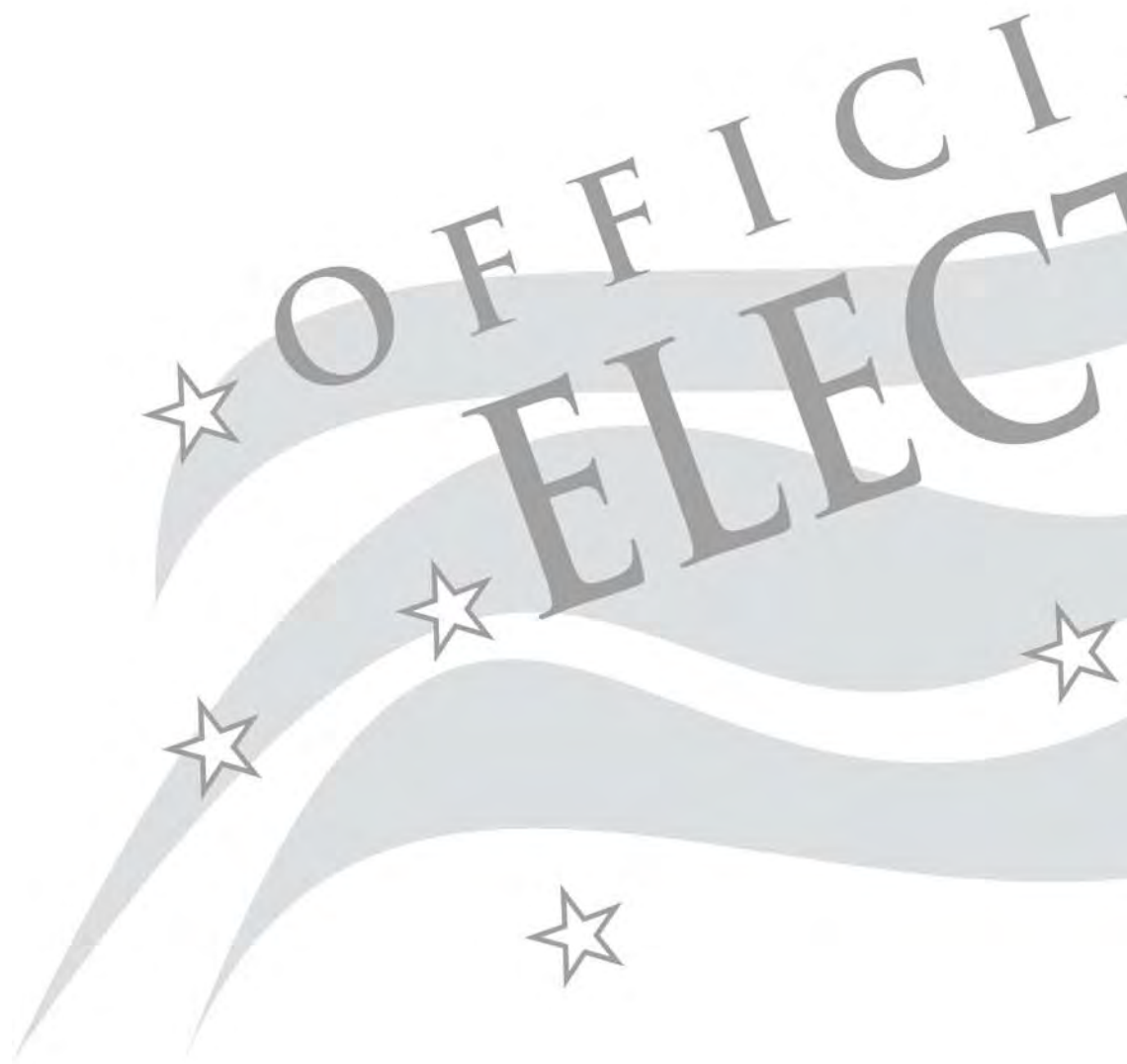


EXHIBIT 9



POSTAL NEWS

FOR IMMEDIATE RELEASE
Aug. 24, 2020

Contact: David Partenheimer
david.a.partenheimer@usps.gov
usps.com/news

Oral Statement of Postmaster General Louis DeJoy Before the House Committee on Oversight and Reform

WASHINGTON, DC — *Below is the oral statement prepared for delivery by Postmaster General Louis DeJoy before today's hearing by the House Committee on Oversight and Reform.*

"Good morning, Chairwoman Maloney, Ranking Member Comer, and members of the Committee.

I'm proud to be with you today on behalf of the 630,000 dedicated women and men of the United States Postal Service.

On June 15th, I became America's 75th Postmaster General. Since that time, for a variety of reasons, there has been a great deal of attention to the Postal Service by our elected officials, the media and the American people.

I want to begin by assuring this committee and the American public that the Postal Service is fully capable and committed to delivering the nation's ballots securely and on-time.

This sacred duty is my number one priority between now and election day.

To be clear, we will do everything we can to handle and deliver Election Mail in a manner consistent with the proven processes and procedures that we have relied on for years. Nevertheless, I encourage all Americans who choose to vote by mail to request their ballots early and to vote early, as a common sense best practice.

As part of this conversation, there are many inaccuracies about my actions that I wish to again correct.

First, I did not direct the removal of blue collection boxes or the removal of mail processing equipment.

Second, I did not direct the cut back on hours at any of our post offices.

Finally, I did not direct the elimination or any cutback in overtime.

I did however suspend these practices, to remove any misperceptions about our commitment to delivering the nation's election mail.

Any further assertions by the media or elected officials is furthering a false narrative to the American People.

Now let me describe the two actions I have taken in the 70 days since my appointment.

I came to the Postal Service with decades of experience in solving large and complex logistical problems.

I planned to use this experience to help lead the operating change required for the Postal Service to grow and embark on a path of sustainability.

On the day of my swearing in-the Postal Service Inspector General issued an astonishing report about the schedule delays in Postal Service transportation and the substantial cost associated with our weakness in this fundamental operating principle.

Upon review, I directed the Postal Service operations team to develop and execute on a plan to improve our adherence to the transportation schedules of our over 40,000 trips a day.

We have accomplished this goal-as our on-time departures are approaching 98% and wasteful extra trips are down by over 70%.

While we have had a temporary service decline which should not have happened, we are fixing this.

In fact, as of last week, service improved across all major mail and package categories, and I am laser-focused on improving service for the American public.

The second of two changes I've made while Postmaster General is installing a new organizational reporting structure to better align talent and resources, to instill greater accountability for performance and to focus the organization on service and growth.

These two changes, creating our new on-time transportation network and designing an engaged functional organizational structure, will be the catalyst for the significant improvements in cost, performance and growth that I plan for this vital American Institution.

Madam Chairwoman, the women and men of the Postal Service have demonstrated extraordinary commitment to our mission of service throughout the COVID-19 pandemic.

In every community in America, we continue to work to keep our employees and customers safe as we fulfill our essential role in delivering the medications, benefit checks and financial statements the public depends upon.

Since the beginning of the pandemic, there has been a public outpouring of support for our postal employees as they performed their essential service throughout the nation. This is a well-deserved testament to their dedication.

Chairwoman Maloney; Ranking Member Comer; I hope we can agree that the financial state of the Postal Service is unacceptable and needs to be fixed.

I look forward to working with you and this committee and our stakeholders to restore the financial health of the United States Postal Service and to improve the way we serve the American public.

This concludes my remarks. I welcome any questions that you and the committee may have."

.

Note: The Postmaster General's written statement is available [here](#).

###

Please Note: For U.S. Postal Service media resources, including broadcast-quality video and audio and photo stills, visit the [USPS Newsroom](#). Follow us on [Twitter](#), [Instagram](#), [Pinterest](#), and [LinkedIn](#). Subscribe to the [USPS YouTube channel](#), like us on [Facebook](#) and enjoy our [Postal Posts blog](#). For more information about the Postal Service, visit [usps.com](#) and [facts.usps.com](#)

EXHIBIT 10



POSTAL NEWS

FOR IMMEDIATE RELEASE
Aug. 18, 2020

Contact: David Partenheimer
david.a.partenheimer@usps.gov
usps.com/news

Postmaster General Louis DeJoy Statement

WASHINGTON, DC — Postmaster General Louis DeJoy issued the following statement today:

“The United States Postal Service will play a critical role this year in delivering election mail for millions of voters across the country. There has been a lot of discussion recently about whether the Postal Service is ready, willing and able to meet this challenge.

I want to make a few things clear:

The Postal Service is ready today to handle whatever volume of election mail it receives this fall. Even with the challenges of keeping our employees and customers safe and healthy as they operate amid a pandemic, we will deliver the nation’s election mail on time and within our well-established service standards. The American public should know that this is our number one priority between now and election day. The 630,000 dedicated women and men of the Postal Service are committed, ready and proud to meet this sacred duty.

I am announcing today the expansion of our current leadership taskforce on election mail to enhance our ongoing work and partnership with state and local election officials in jurisdictions throughout the country. Leaders of our postal unions and management associations have committed to joining this taskforce to ensure strong coordination throughout our organization. Because of the unprecedented demands of the 2020 election, this taskforce will help ensure that election officials and voters are well informed and fully supported by the Postal Service.

I came to the Postal Service to make changes to secure the success of this organization and its long-term sustainability. I believe significant reforms are essential to that objective, and work toward those reforms will commence after the election. In the meantime, there are some longstanding operational initiatives — efforts that predate my arrival at the Postal Service — that have been raised as areas of concern as the nation prepares to hold an election in the midst of a devastating pandemic. To avoid even the appearance of any impact on election mail, I am suspending these initiatives until after the election is concluded.

I want to assure all Americans of the following:

- Retail hours at Post Offices will not change.
- Mail processing equipment and blue collection boxes will remain where they are.
- No mail processing facilities will be closed.
- And we reassert that overtime has, and will continue to be, approved as needed.

In addition, effective Oct. 1, we will engage standby resources in all areas of our operations,

including transportation, to satisfy any unforeseen demand.

I am grateful for the commitment and dedication of all the men and women of the Postal Service, and the trust they earn from the American public every day, especially as we continue to contend with the impacts of COVID-19. As we move forward, they will have the full support of our organization throughout the election.”

#

Please Note: For U.S. Postal Service media resources, including broadcast-quality video and audio and photo stills, visit the [USPS Newsroom](#). Follow us on [Twitter](#), [Instagram](#), [Pinterest](#), and [LinkedIn](#). Subscribe to the [USPS YouTube channel](#), like us on [Facebook](#) and enjoy our [Postal Posts blog](#). For more information about the Postal Service, visit [usps.com](#) and [facts.usps.com](#)

EXHIBIT 11

First-Class Mail Volume Since 1926 (Number of Pieces Mailed, to the Nearest Million)

An Act of February 28, 1925, authorized the Postmaster General to account annually for revenues and costs associated with different types of mail; annual analyses, with detailed estimates of mail volume, are available beginning in 1926.

Year	Pieces
1926	15,266
1927	16,284
1928	16,706
1929	17,170
1930	16,901
1931	15,824
1932	14,598
1933	10,878
1934	11,557
1935	12,498
1936	12,731
1937	13,882
1938	14,226
1939	14,657
1940	15,224
1941	15,989
1942	16,972
1943	--
1944	20,510
1945	21,009
1946	20,059
1947	20,665
1948	21,948
1949	23,206
1950	24,500
1951	25,578
1952	26,502
1953	27,257
1954	27,085
1955	28,713
1956	30,078
1957	31,561

1958	32,218
1959	32,274
1960	33,235
1961	34,289
1962	35,333
1963	35,833
1964	36,943
1965	38,068
1966	40,422
1967	41,998
1968	43,183
1969	46,411
1970	48,640
1971	50,036
1972	48,933
1973	50,965
1974	51,594
1975	51,373
1976	52,108
1977	53,654
1978	55,981
1979	57,926
1980	60,276
1981	61,410
1982	62,200
1983	64,247
1984	68,429
1985	72,440
1986	76,187
1987	78,869
1988	84,749
1989	85,855
1990	89,270

1991	90,285
1992	90,781
1993	92,169
1994	95,333
1995	96,296
1996	98,216
1997	99,660
1998	100,434
1999	101,937
2000	103,526
2001	103,656
2002	102,379
2003	99,059
2004	97,926
2005	98,567
2006	98,016
2007	96,297
2008	90,671
2009	82,727
2010	77,592
2011	72,522
2012	68,674
2013	65,754
2014	63,849
2015	62,599
2016	61,240
2017	58,834
2018	56,712
2019	54,943

Note:

Numbers for some years were revised in later years; the most recent figures are shown. Beginning in 2008, figures do not include First-Class Parcels and international pieces.

Sources:

1926-1949: U.S. Post Office Department, Bureau of Finance and Administration, *Mail Trends, Domestic and International*, 1926-1966, March 1967, 15. Since 1950: *Annual Report of the Postmaster General* (title changed to *Annual Report of the United States Postal Service* in 1996 and to *Annual Report to Congress* in 2011).

EXHIBIT 12



**STATEMENT OF
POSTMASTER GENERAL AND CHIEF EXECUTIVE OFFICER
MEGAN J. BRENNAN**

**before the
House Committee on Oversight and Reform
United States House of Representatives**

**Hearing on:
“The Financial Condition of the Postal Service”
April 30, 2019**

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Good Morning Mr. Chairman, Ranking Member Jordan and Members of the Committee. Thank you for calling this hearing, to discuss the need for timely and comprehensive postal reform legislation.

I am pleased to represent the more than 630,000 hard-working and dedicated men and women of the United States Postal Service. These men and women play an integral role in every region, community and neighborhood in our nation, every day.

INTRODUCTION

When I last came before this Committee in 2017, I described the serious, but solvable, challenges facing the Postal Service, and the urgent need for legislative and regulatory postal reform. Since that time, our financial condition has only worsened.

Total mail volume has dropped from 154 billion pieces in 2016 to 146 billion in 2018, a 5 percent decrease overall. First-Class Mail, our most profitable product, has fared much worse, dropping by 7.4 percent. Although our package business continues to grow, it has become increasingly competitive and the growth rate is half what it was, dropping from 13.7 percent in 2016 to 6.8 percent in 2018, compared to the prior year. In quarter one of 2019, the rate of package volume growth dropped even further, to 5.4 percent. These combined factors are deepening our financial challenges.

In 2018, we posted a net loss of \$3.9 billion — the 12th consecutive annual net loss we have incurred. These losses are occurring despite aggressive Postal Service management actions to right-size our organization, amounting to \$13.4 billion in annual savings. These losses have forced us to default on legally-mandated retiree health benefits (RHB) prefunding payments since 2012 and additional pension prefunding payments due to the Office of Personnel Management (OPM) in 2017 and 2018. These actions will be addressed in more detail later in my testimony.

The most significant point I can highlight today is the increasing need for urgent action. Had reform legislation been enacted two years ago, we estimate that we would have earned an additional \$1 billion in revenue from a modest one-time price increase and saved between \$5 billion and \$6 billion in RHB costs.

The losses from these missed opportunities can never be recovered. In short, it's time to stop digging a deeper financial hole. Putting off action on postal reform legislation will make resolving our financial crisis not only more complex, but also more difficult to achieve due to the nature of the changes that will become necessary to fix the problem.

WHO WE ARE

By law, the United States Postal Service operates as a fundamental government service to the people. We provide the nation with a vital delivery platform that enables American commerce, serves every American business and residential address, and binds the nation together, as it has for more than 240 years.

We delivered to 159 million delivery points in 2018 and this figure grows each year. The 146 billion pieces of mail we delivered in 2018 accounted for 47 percent of the world's mail, and we deliver at levels of efficiency and affordability equal to or exceeding any comparable post. The Postal Service is a self-funding entity. We pay for our operations entirely through the sale of postal products and services and do not receive tax revenue to support our business.

The Postal Service plays an indispensable role as a driver of commerce and a provider of delivery services to all communities — and we fulfill this role by leveraging one of the nation's oldest and most effective partnerships with the private sector. The mailing industry continues to help power our nation's economy. More than 13,000 small businesses help us serve the American public through contracts to support mail processing, transportation and retail operations, as well as other business needs. More than 14,000 postal transportation supplier contracts account for approximately \$8 billion in annual spend. And we provide access to our products and services in more than 72,000 commercial locations through partnerships with retailers of all sizes.

Even in an increasingly digital world, the Postal Service remains an essential part of the bedrock infrastructure of the economy. The physical delivery of mail and packages to all of America's homes and businesses is the core function of the Postal Service, and this fundamental need of the American people will continue to exist well into the future.

Our customers place great faith in the ability of the Postal Service to deliver for them, both in the literal delivery of mail and packages, and in the larger sense as an organization that is adapting and changing to better meet America's evolving delivery needs.

The Postal Service is speeding the pace of innovation, improving our competitive posture by offering new products and implementing innovations that enhance the value of the mail, while continuing to implement initiatives to lower our cost base and stabilize our systemic financial imbalances. And we're doing so against a backdrop of great change in technology use and consumer habits, and of rapidly rising expectations for delivery services.

MANAGEMENT ACTIONS

We are now in the 13th year since enactment of the Postal Accountability and Enhancement Act of 2006 (PAEA), making it more than a decade since the passage of any significant postal reform legislation. Since the enactment of the PAEA, we have experienced massive declines in mail volume brought on by the Great Recession of 2008 and the continued diversion of mail transactions to digital alternatives, even as delivery points have continued to grow. In 2007, the first year following the PAEA's enactment, we delivered 212.2 billion pieces of mail; last year, we delivered 146.4 billion pieces — a 31 percent decline. At the same time, because of the nation's growing population, the number of delivery points we serve has increased by 1.0 million per year, on average. The 148 million delivery points we served in 2007 rose to 159 million in 2018, a 7.1 percent increase, while the average number of pieces of mail delivered has dropped from 4.7 to just 3.0 per delivery point each day. We are delivering fewer pieces of mail to more addresses each year, driving up the cost per delivery.

During that same time, we have responded to the challenges that confronted us, taking actions on both the expense side of our business and the revenue side. Our actions have resulted in cost savings of approximately \$13.4 billion annually from 2007 through 2018. We achieved these savings by pursuing an aggressive agenda of cost cutting, efficiency improvements, and innovation. For example, in response to the sharp decline in mail volume, we right-sized our operations based on customer demand and workload, and within the constraints of our existing business model. We consolidated processing plants and delivery units; modified retail hours at more than 13,000 Post Offices; reduced the total workforce size by 162,000 through attrition; reduced administrative overhead; and negotiated collective bargaining contracts to control

costs, increase workforce flexibility and establish a more affordable, two-tiered wage system. Details of these actions are summarized in the chart below.

COST CONTROL MEASURES: Sept. 30, 2006 - Sept. 30, 2018

			Number	%
Infrastructure	Consolidated Mail Processing Facilities	↓	363	52%
	Delivery Route Consolidations	↓	29,000	10%
	Post Offices with reduced Retail Hours	↓	13,000	36%
Workforce	Work Hours	↓	289 million	20%
	Career Employees	↓	199,000	29%
	Non-Career Employees	↑	37,000	37%
	Total Employees	↓	162,000	20%
	Administrative Positions	↓	25,000	33%
Administration	Reduced Annual Headquarters Spending <i>Reduced HQ Positions</i> <i>Reduction in contractor expenses</i>	↓	\$750 million	
	Capital Expenditures <i>Avg. 2006-2009 ~\$2.3 billion</i> <i>Avg. 2010-2014 ~\$0.9 billion</i> <i>Avg. 2015-2018 ~\$1.3 billion</i>	↓	\$1.0 billion	44%
	Number of Administrative Areas	↓	9 to 7	22%
	Number of Districts	↓	80 to 67	16%

The Postal Service continues to control costs and meet current and future customer needs and market trends, as permitted within statutory constraints. Leveraging available data and enhanced technology, we are improving our diagnostic and reporting tools. Recent judiciously targeted capital investment has allowed the organization to process our increasing package volume and mail more efficiently.

We continue to focus on anticipating customer needs and enhancing the value of mail and packages while remaining proactive, flexible and responsive to the marketplace as permitted within our statutory constraints. The affordable, universal package delivery service that we provide enables all Americans to participate fully in the e-commerce economy. In addition, packages provide revenue which is essential to our ability to meet our universal service obligation (USO) to the American people, particularly as First-Class Mail continues to decline.

The growth in our package business is particularly notable because of the increasing speed of market change since the PAEA was enacted. E-commerce and online shipping were in their infancy in 2006, and today we are proud that the Postal Service makes more e-commerce deliveries than any other domestic delivery service. Our achievements in growing our package

business and implementing innovations have enhanced the value of the mail to better serve our customers, including strong integration of digital initiatives with physical mail. Though, as discussed above, the package business is increasingly competitive, and the rate of package volume growth continues to slow.

Our actions have been necessary, and we are prepared to do more — including making difficult operational decisions that may impact services — but we urgently need legislative and regulatory reform. Ultimately, the PAEA does not provide the Postal Service with sufficient flexibility to meet the financial challenges caused by declining mail volume. We have worked with Congress continually to address this lack of flexibility, and since the 112th Congress in 2011-2012, have seen no fewer than nine postal reform bills introduced without passage.

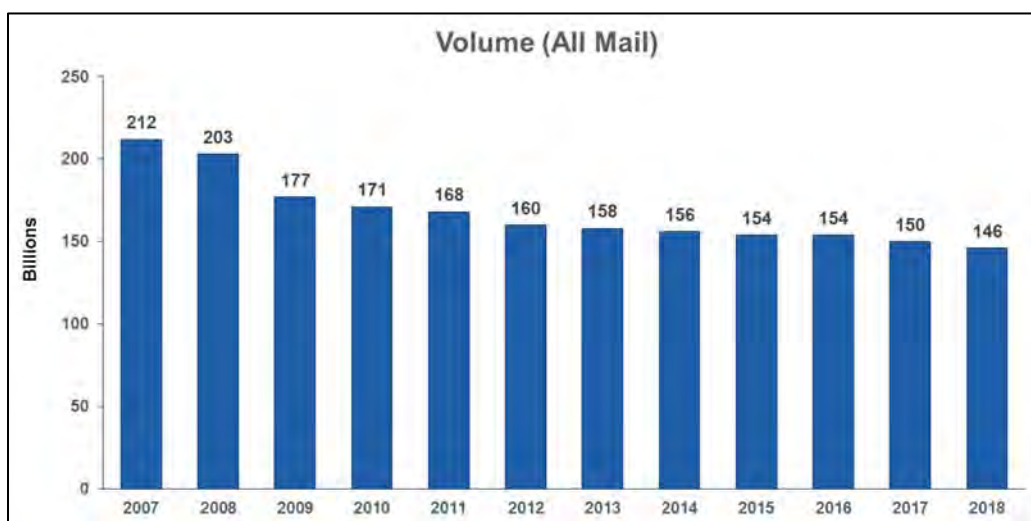
Despite the Postal Service's many achievements, our efforts have not been enough — and cannot be enough — to restore the Postal Service to financial health, absent needed reforms. While we continue to work towards a sustainable future, without legislative and regulatory reforms, our financial picture will continue to worsen to the point where we will no longer be able to provide current levels of service, even if the Board of Governors decides to continue the current course of defaulting. My testimony today demonstrates the urgent need for legislation that would provide financial stability for the Postal Service to invest in the future and continue to be an engine of growth, to be a strong business partner, to offer our customers compelling new products and services, and to meet the expectations of the American public.

POSTAL SERVICE FINANCIAL CONDITION

Our business was severely impacted by the Great Recession of 2008. First-Class Mail — our most profitable product — has declined by 41 percent since 2007 and is expected to continue to decline as a result of divergence to digital communications and the increase in online transactions. Likewise, Marketing Mail saw a substantial volume drop due to the same factors.

This decline in volume has eroded our financial stability, and reduced the available revenue to pay for the nationwide retail, processing, transportation and delivery network that we are required to maintain in order to provide universal service.

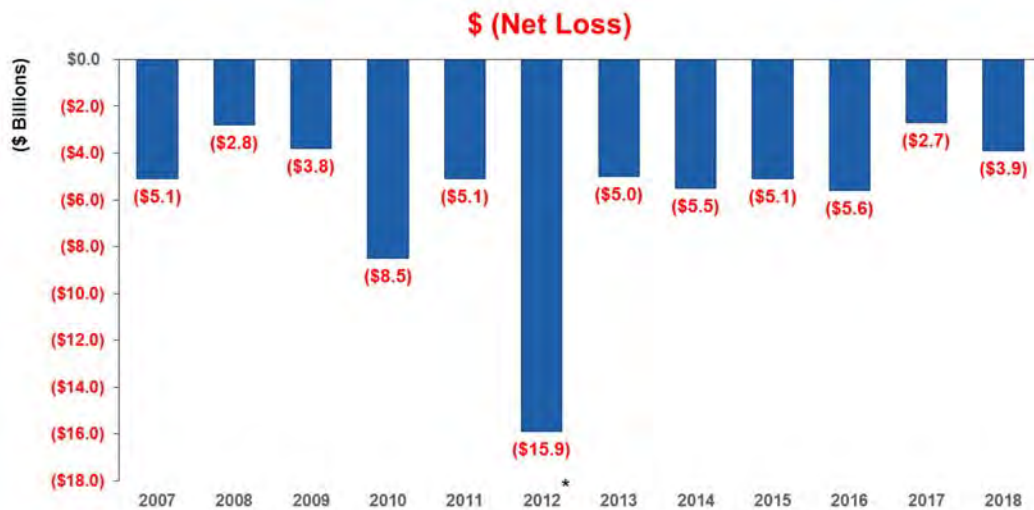
31% Decline in Total Mail Volume (2007 – 2018)



41% Decline in First-Class Mail Volume (2007 - 2018)



The consequence of this loss of mail volume, along with continued growth in the required number of delivery points, and the legally-mandated payments to fund RHB and pensions, has been 12 consecutive years of net losses.

12 Years of Net Losses Despite Innovation and Improved Efficiency

*Note: The 2012 loss was due to legislative deferral of the 2011 \$5.5 billion payment for RHB, which made the total payment due for RHB \$11.1 billion in 2012.

In addition, as of Sept. 30, 2018, we reported outstanding debt to the Federal Financing Bank of \$13.2 billion. In order to ensure that we had sufficient liquidity to fulfill our primary statutory mission of providing universal postal service, we were forced to default on \$33.9 billion in mandated prefunding payments for RHB for the years 2012 through 2016. Additionally, we did not make \$6.9 billion in payments due to OPM in both 2017 and 2018 for normal costs and amortization of RHB, Civil Service Retirement System (CSRS), and Federal Employees Retirement System (FERS) unfunded liabilities. Without these defaults, the deferral of critical capital investments, and the aggressive management actions described above, we would not have been able to pay our employees, our suppliers, or deliver the mail.

Due to the factors outlined above, we do not have sufficient cash to meet all of our existing legal obligations, fully pay down our debt, and maintain a sufficient level of liquidity to ensure continuity of postal operations and meet our universal service obligation. Our liquidity remains insufficient to support an organization with more than \$72 billion in annual expenses, and with liabilities that exceed assets by \$124 billion, when all post-retirement obligations are included.

Total Liabilities, Including Retirement Obligations, Exceed Assets by \$124 billion**As of Sept. 30, 2018**

CSRS Fund Balance	\$160.2B	CSRS Actuarial Liability	\$185.3B
FERS Fund Balance	\$119.0B	FERS Actuarial Liability	\$137.4B
RHB Fund Balance	<u>\$47.5B</u>	Retiree Health Benefits Obligation	<u>\$114.0B</u>
Total Retirement-Fund Assets	\$326.7B	Total Retirement-Related Liabilities	\$436.7B
		Workers' Compensation	\$16.4B
		Debt	\$13.2B
Unrestricted Cash	\$10.1B	Accrued Compensation, benefits, and leave	\$4.1B
Land, Buildings & Equipment, net	\$14.6B	Deferred Revenue	\$2.1B
Other Assets	<u>\$2.0B</u>	Other	<u>\$5.3B</u>
Total Assets	\$353.4B	Total Liabilities	\$477.8B

- This chart includes all assets and liabilities of pension and post-retirement health benefits obligations.
- Items highlighted in blue are not shown on our balance sheet under GAAP multi-employer rules and are the OPM's projected valuations.

As shown above, the Postal Service's RHB and pension funds are linked to the bulk of our liabilities. Even so, our retirement plans are already significantly better funded than those of most other entities in both the public and private sectors. In fact, the Postal Service's percentage for CSRS pension funding is more than nine times the level of other civilian federal government entities and is higher than the average funding level for those few Fortune 1000 companies still offering traditional pension plans. In addition, the Postal Service's FERS pension funding is at nearly 87 percent. Likewise, our RHB funding is at a much higher level than those of other entities. Summaries of our pension and RHB funding levels are provided in the following two charts.

USPS Pension Funding Compares Favorably to Other Entities

Dollars in billions		
	Pension	
	CSRS	FERS
USPS Actuarial Liability Funded at 9/30/2018	86.4%	86.6%
Civilian Federal Government Funded (Excl. USPS) at 9/30/2018⁽¹⁾	9.1%	80.4%
Other Entities:	Pension	
Percentage of U.S. Department of Defense Funded⁽²⁾	45.9%	
Percentage of State Governments Funded	73.7%⁽³⁾	
Percentage of Fortune 1000 Companies Funded	81.0%⁽⁴⁾	

(1) Source - Civil Service Retirement & Disability Fund Annual Report, FY 2018 (which reports assets as of 9/30/18) and Office of Personnel Management Agency Financial Report, FY2018 (which reports liabilities as of 9/30/18).

(2) As of 9/30/2018. Source - Financial Report of the United States Government, FY 2018. Note: Dept. of Defense pension funding percentage represents a combination of CSRS and FERS plans.

(3) Median funding ratio from Bloomberg Comprehensive Annual Financial Reports: bloomberg.com/graphics/2018-state-pension-funding-ratios/

(4) Willis Towers Watson Insider towerswatson.com/en-US/Insights/Newsletters/Americas/insider/2018/01/2016-asset-allocations-in-fortune-1000-pension-plans.

USPS Retirement Health Benefit Funding Compares Favorably to Other Entities

Retiree health benefits	
Percentage of Civilian Federal Government Funded (exc. USPS) ⁽¹⁾	0%
Percentage of Fortune 100 Companies Funded ⁽²⁾	0%
Percentage of U.S. Department of Defense Funded ⁽³⁾	30.5%
Percentage of State Governments Funded ⁽⁴⁾	6.9%
Percentage of USPS Actuarial Liability Funded at 9/30/2018	41.6%

(1) Other than the Postal Service, federal agencies are not required to pre-fund retiree healthcare liabilities

(2) Willis Towers Watson, November 2014 towerswatson.com/en-US/Press/2014/11/fortune-1000-companies-have-a-285-billion-dollar-liability-for-retiree-medical. Of the 501 Fortune 1000 companies that offer retiree health benefits, 334 (67%) have funded 0% of their liabilities.

(3) As of 9/30/2018. Source - Financial Report of the United States Government, FY 2018.

(4) PEW State Retiree Health Plan Spending 2015 pewtrusts.org/~media/assets/2017/09/opeb-liability-brief_v5.pdf

BUSINESS MODEL CHALLENGES

The PAEA imposed upon us a business model that does not provide sufficient flexibility to respond to ongoing volume declines in a manner that allows us to remain financially stable. Some of our most significant costs are fixed by law and are outside the Postal Service's control. Further, our ability to earn revenue to pay for those costs is constrained by law. This fundamental imbalance is the root of our financial instability, and is primarily influenced by three key factors, which will be discussed in more detail below.

- **Universal Service Obligation:** We are required to maintain an expansive retail, transportation, processing, and delivery network, so that we can serve nearly every address six days a week. The cost of the network continues to grow as the country adds approximately 1 million delivery addresses each year. Additionally, total mail volume has declined from 212 billion pieces in 2007 to 146 billion pieces last fiscal year, and projections are that mail volume will continue to decline. Simply put, we deliver less mail to more addresses every year.
- **Legally-mandated benefits costs:** The Postal Service is also legally required to participate in U.S. government pension, health, and worker's compensation programs. By law, from 2007 to 2016, we were required to fund RHB using an onerous and unaffordable prefunding payment schedule, which was unique to the Postal Service. Beginning in 2017, this was replaced by an equally unaffordable system of funding retiree health benefits normal costs and paying down the unfunded liability of the retiree health benefits fund.
- **Price cap:** We operate under a statutory price cap that applies to the mail products that generated approximately 67 percent of total revenue in 2018. Reduced mail volume and the statutory price cap constraints mean there is less revenue to pay for our required and increasingly expensive network and other costs imposed upon us by law. The Postal Regulatory Commission (PRC) has agreed that the price-cap system has failed to achieve key statutory objectives. In today's increasingly dynamic and competitive market — where there are alternatives and substitutes for nearly every product and service we offer — price-cap regulation is not necessary to incentivize efficiency, service quality or pricing restraint.

Universal Service Obligation

The Postal Reorganization Act of 1970 and other provisions of Title 39, United States Code, set the parameters for the Postal Service's USO. The dimensions of the USO can be summarized as follows:

- **Product scope:** Pertains to all postal services, which must be designed to meet public needs.
- **Universality:** The public must have “ready access to essential postal services” to the extent “consistent with reasonable economies.” Postal services must be provided “throughout the United States” to, “as nearly as practicable, the entire population of the United States,” explicitly highlighting the need to serve “rural areas.” And the Postal Service may not unduly or unreasonably discriminate among mailers.
- **Service:** According to riders that Congress has consistently inserted into annual appropriations bills, the Postal Service must deliver mail six days per week, regardless of whether it makes economic sense to do so. In addition, the Postal Service must prioritize “prompt” and “expeditious” mail delivery. The Postal Service must design service standards so as to reasonably assure “delivery reliability, speed and frequency consistent with reasonable rates and best business practices.”
- **Price:** All rates must be affordable and certain rates must be uniform across the nation. Some mailers are statutorily entitled to discounted or free rates.
- **Accountability:** The PRC is authorized to adjudicate disputes about undue or unreasonable pricing discrimination, improper closing or consolidation of Post Offices, as well as review the Postal Service's service standards regulations, and certain other matters. The Postal Service must measure and report publicly about its service performance, which the Commission reviews as part of its annual compliance determination.

The USO is discussed in the recent report of the President's Task Force on the United States Postal System, issued Dec. 4, 2018. The Task Force report acknowledges that the Postal Service has limited options to fund the USO, and states that the USO is not clearly defined. The report continues that the USO must be defined with greater specificity in order to provide a better framework to sustainably manage pricing, costs and products.

Defining the USO is an important public policy task — in fact, it is of such importance that Congress has reserved the power to change the USO to itself. We agree that it is the

responsibility of Congress to determine how the Postal Service should serve the long-term needs of the nation, while ensuring that the Postal Service can fulfill its USO mandate and other legal obligations in a financially sustainable way.

It is the intent of the Postal Service, led by our Board of Governors, to develop and provide recommendations to Congress to redefine the USO, in consultation with the public and postal stakeholders. Our recommendations will enable the Postal Service to meet the current needs of the American public while pursuing necessary cost control measures.

Legally-Mandated Costs

Above and beyond the costs of providing universal service to the nation, we are required to participate in U.S. government pension, health benefits, and worker's compensation programs for employees and retirees, including the Federal Employees Health Benefits (FEHB) program, CSRS, FERS, and the Federal Employees' Compensation Act (FECA). In 2006, the PAEA imposed a requirement on the Postal Service to prefund the Postal Service Retiree Health Benefits Fund (PSRHBF), on an accelerated basis for 10 years, and on an actuarial basis thereafter.

As noted previously, the fixed RHB payment schedule ended in fiscal year (FY) 2016, and has been replaced with a requirement to make RHB normal cost payments and amortization payments on our unfunded RHB liability. In addition, beginning in FY 2017 we were also obligated to begin making amortization payments on our unfunded CSRS liability. The table below highlights the average required annual retirement-related payments over the past five years, as well as the average projected annual payments for the next five years.

Retirement and RHB Expenses and Payments		
(Billions)	Average 2014-2018	Average 2019-2023
Pension costs	4.4	6.2
RHB costs	7.1	5.5
Total obligations	11.5	11.6
RHB and pension defaults	6.3	
Total payment	5.2	

We remain subject to very sizable retirement-related payments going forward, on top of our operating expenses and the need to increase critical capital investments in information

technology infrastructure, processing and delivery infrastructure, and new delivery vehicles to continue to meet our universal service obligations.

Absent fundamental legislative and regulatory reform, we will have no choice but to default on future retirement-related payments in order to continue paying our employees and suppliers and provide postal services to the American public. This increases the risk that taxpayers may ultimately be called on to fund these benefits. For instance, a continued inability to make the actuarially-based RHB payments would reduce and eventually exhaust the balance in the PSRHBFB.

As noted previously, beginning in 2012, the Postal Service was forced to default on RHB prefunding payments, in order to preserve liquidity levels necessary to continue postal operations and ensure a margin of safety in the event of an economic downturn. In more recent years, these defaults have expanded to include the annual RHB normal cost and amortization payments, CSRS amortization payments and FERS amortization payments.

Continuing to default on these payments is not a sustainable strategy for providing stable liquidity for ongoing Postal Service operations. If we were to resume making all currently-mandated payments, we would eliminate our cash-on-hand by Sept. 30, 2020, the end of our next fiscal year. Alternatively, if the Board of Governors decided to continue with the current course of defaulting, we estimate that the Postal Service would have no cash-on-hand by Sept. 30, 2024.

While there are other options available, such as expanding defaults on additional payments to buy more time, these options only extend the date at which insolvency occurs — they do not provide a solution to our financial problems. Defaulting does not address our serious financial situation, nor does it ensure that we will be able to continue our mission of serving the American public in the long run.

Rather, we need a statutory and regulatory structure that allows us to take steps to raise revenue and cut costs in a rational, business-like manner, so that we can fulfill our USO responsibility and also cover our post-retirement benefits obligations. In addition to continued aggressive management actions and planning, this requires two immediate steps: the

enactment by Congress of appropriate postal reform legislation and a favorable outcome of the 10-year pricing system review by the PRC.

Price Cap

The PAEA set forth a requirement that the PRC review, 10 years after enactment, (1) whether the current regulatory system for market-dominant products is achieving various statutory objectives; and (2) if not, how the current system should be modified or replaced.

Two years ago when I testified before this Committee, the PRC 10-year review was underway, and that same review continues today. The Commission collected stakeholder input, considered comments by interested parties and issued two orders on Dec. 1, 2017. In its first order, the PRC agreed with the Postal Service that the current price-cap system is failing to achieve critical statutory objectives — particularly the objective of achieving financial stability for the Postal Service. In its second order, the PRC proposed various changes and solicited additional public comment. The second phase of the 10-year review, analyzing the PRC's proposed changes, is still pending, and the PRC has not issued any further orders or proposals since reply comments were filed by participants more than a year ago, in March of 2018.

The price cap limits price increases on the mail products that generate 67 percent of our total revenue simply on the basis of household inflation (as measured by the Consumer Price Index), without regard to our specific circumstances, including mail volume trends that have declined precipitously in the last decade and that will continue to decline, or our unaffordable but legally-mandated costs.

Even though the Commission agreed that the system is not working, it did not propose that the price cap be replaced. Instead, the PRC has proposed retaining the cap, with certain changes to address what it found to be deficiencies in the system. However, in our current dynamic, competitive market environment, price-cap regulation is no longer necessary to incentivize service quality or pricing restraint, and it was never necessary to spur efficiency. All customers have alternatives to using the mail, and volume trends provide strong incentives for us to be efficient.

We need a regulatory structure that enables us to respond effectively to the challenges and opportunities presented by a dynamic marketplace. The lack of pricing flexibility is a

fundamental problem in the flawed business model that the PAEA imposed upon the Postal Service. With the need for both legislative and regulatory reform, we anxiously await the conclusion of the PRC review, as it is well past the 10-year statutory review mark.

LEGISLATION

When I testified before this committee in 2017, there was pending reform legislation on the table, containing provisions that had broad support among stakeholders, including postal management, many in the mailing industry and the postal unions. Those provisions had the capability to resolve several long-term financial burdens on the organization, with the potential to generate significant savings. The provisions also reflected private sector best practices, consistent with our responsibilities to the public.

I now strongly urge this committee to revisit those provisions that are both impactful and have the support of a broad cross-section of postal stakeholders (or that are capable of gaining such support in the near term) as they will generate both cost savings and additional revenue. These include:

- Requiring full Medicare integration for parts A, B, and D for postal retiree health plans, or exploring other Medicare integration scenarios.
- Restoring half our exigent price increase for Market-Dominant products.
- Providing some additional product flexibility.

We urge Congress to consider these provisions in any postal reform legislation to be introduced. Combined with a favorable outcome of the PRC's 10-year pricing review and continued aggressive management planning and actions, these provisions would improve our financial stability and ability to continue to meet the USO, and allow for further innovation, investment, and growth for the Postal Service and the mailing industry as a whole.

Details of these provisions are provided in the following sections of Medicare Integration, Market-Dominant Rates, and Product Flexibility.

Medicare Integration

Our significant financial losses are due in large part to the legally-mandated RHB prefunding requirement. Such a requirement to prefund retiree health care obligations is not imposed on most other federal entities or private-sector businesses that offer retiree health benefits. The

Postal Service's funded level for RHB far exceeds that of civilian federal government entities, state governments, and those few private sector companies that offer any retiree health benefits.

While the statutorily accelerated RHB prefunding payments expired Sept. 30, 2016, the current actuarial payments are equally unaffordable because FEHBP benefits are not integrated with Medicare for all postal retirees. Previously proposed legislation would have required OPM to create separately rated postal plans within the FEHBP, beginning with the 2020 contract year, which would be fully integrated with Medicare Parts A, B and D. These plans would be offered by any existing FEHBP carrier that covers at least 1,500 postal employees and annuitants, and other carriers that desire to participate. Each year, the Postal Service would make a normal cost payment into the RHB fund, unless such a payment would cause the RHB actuarial liability to be more than 100 percent funded.

Opponents of this provision have argued that it would simply shift cost from the Postal Service to Medicare. While it is true that Medicare costs will increase, it will only do so by approximately 0.13 percent per year. In addition, this provision would actually reverse the cost shifting that currently exists from Medicare to the FEHBP plans, which is imposing additional unwarranted costs on the Postal Service, on our ratepayers, and on our employees.

Since 1983, the Postal Service and its employees have been the second largest contributor to Medicare, contributing more than \$32 billion during this period. At present, however, 8 percent of annuitants and dependents do not participate in Medicare Part A and 26 percent do not participate in Part B. Appropriately assigning claims costs to Medicare, instead of FEHBP, would create savings for the Postal Service and participants, and effectively resolve the RHB funding issue.

Requiring full participation in Medicare by eligible annuitants is a universal practice among nearly all private sector and state and local government employers who provide health benefits to retirees. The Postal Service is simply asking to be allowed to take full advantage of those payments, like any other entity required to pay into Medicare.

A requirement for all retirees and survivors over age 65 to participate in Medicare Parts A and B — plus the additional Part D savings — would eliminate approximately 90 percent of the Postal

Service's unfunded RHB liability and reduce expenses by \$33.5 billion over 10 years from the implementation date.

Market-Dominant Product Rates

The partial restoration of the exigent price surcharge is critical to the Postal Service's financial health. The PRC-ordered rollback of the surcharge occurred April 10, 2016, reducing our revenue and net income by approximately \$1 billion that year, with the change taking effect near the fiscal mid-year, and by nearly \$2 billion per year going forward: an unsound decision considering the Postal Service's financial condition.

The price cap that is currently imposed on market-dominant products and services is clearly not enabling the Postal Service to achieve financial stability despite our best efforts to control costs. The exigent surcharge, combined with aggressive management actions, softened the financial blow that the Postal Service suffered as a result of the massive loss of mail volume spurred by the Great Recession.

Previously proposed legislation would have reinstated half of the 4.3 percent exigent increase (2.15 percent) and made it part of the rate base. If the reinstatement were to be made, our revenue would increase by an estimated \$6.7 billion over 10 years (2019-2028).

10-YEAR BUSINESS PLAN

We have outlined the business model challenges imposed on us by the PAEA consistently over time, and have identified the urgent need for legislative and regulatory reform. In addition to the urgently needed reforms identified above, the Postal Service, led by its Board of Governors, is developing a 10-Year Business Plan to address broader business and structural changes that need to be implemented.

We acknowledge that there is no easy solution to put the Postal Service on a financially sustainable path. We also recognize that reasonable differences of opinion will exist about what services the Postal Service should provide and about how those services should be funded. But ultimately, hard choices are required to ensure a financially stable Postal Service.

The key areas that our 10-Year Business Plan will address, and that any plan for national postal services needs to address, are: the USO definition, as discussed above; pricing and product flexibility; and affordable employee benefits.

As we continue to finalize the plan, we will keep Congress apprised and will engage stakeholders. We recognize that many points in our plan will likely require legislation that currently does not have consensus amongst stakeholders, and that we will need to build that consensus over time. While we do so, we believe it is important to move forward with legislation that includes those proposals that have already gained broad support and agreement among stakeholders.

CONCLUSION

Mr. Chairman, the United States Postal Service delivers for the American public — both literally and figuratively. We serve every American business and residence. We do so reliably and affordably, and we strive continually to earn the trust of the American public by maintaining the privacy and security of the items we deliver. We enable America's commerce by meeting its marketing and communications needs, by delivering the physical content that powers e-commerce, and by serving as an indispensable business partner to America's entrepreneurs and business owners.

The Postal Service, led by our Board of Governors, will continue to pursue cost savings and revenue growth within our authority, in all aspects of our operations, and will further work to build consensus around the 10-Year Business Plan.

America deserves a financially stable Postal Service that can continue to play this vital role in our economy and society. In a dynamic and increasingly digital, mobile- and device-driven world, the Postal Service has opportunities to enhance the way we enable commerce. However, we do not have the financial resources to fulfill existing statutory obligations and invest in the Postal Service's future. Overall, our financial situation is very serious, but solvable. The need to adopt urgent legislative and regulatory reforms is simply too important to delay.

Thank you, Mr. Chairman, Ranking Member Jordan and Members of the Committee, for the opportunity to submit this testimony. I welcome any questions that you and the committee may have.

#

BIOGRAPHY — MEGAN J. BRENNAN

Megan J. Brennan Postmaster General and Chief Executive Officer

Megan J. Brennan is the 74th and the first female Postmaster General of the United States and the Chief Executive Officer of the world's largest postal organization.

Appointed by the Governors of the Postal Service, Brennan began her tenure as Postmaster General in February 2015. In the prior four years, Brennan served as Chief Operating Officer and Executive Vice President of the Postal Service, and held prior roles as Vice President of both the Eastern Area and Northeast Area Operations. Brennan began her 32-year Postal Service career as a Letter Carrier in Lancaster, Pennsylvania.



Brennan's core focus is to advance transformative strategies to invest in the future of the Postal Service, and shape growth opportunities for the organization and the industries it serves. These strategies encompass better use of data and technology, speed the pace of product and service innovations, continue process improvements throughout the organization, and fully engage and leverage the talents of the organization's 630,000 employee workforce.

As Postmaster General, Brennan strives to significantly improve the quality and range of the delivery services the Postal Service provides to its customers. Under her leadership, the Postal Service aims to become far more technology- and customer-centric, and to continually change and improve to better meet the needs of the American public.

Brennan earned a master of business administration degree as a Sloan Fellow at the Massachusetts Institute of Technology. She is also an alumna of Immaculata College in Pennsylvania.

Source: about.usps.com/who-we-are/leadership/officers/pmg-ceo.htm

EXHIBIT 13



Office of Inspector General | United States Postal Service

Audit Report

U.S. Postal Service's Processing Network Optimization and Service Impacts

Report Number 19XG013NO000-R20 | June 16, 2020

COLLECTION

TRANSPORTATION

DELIVERY

PROCESSING

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Highlights

Objective

Our objective was to determine if the U.S. Postal Service's processing network is operating at optimal efficiency and meeting service standards.

Our fieldwork was completed before the President of the United States issued the national emergency declaration concerning the novel Coronavirus disease outbreak (COVID-19) on March 13, 2020. The results of this audit do not reflect process and/or operational changes that may have occurred as a result of the pandemic.

“Our objective was to determine if the U.S. Postal Service’s processing network is operating at optimal efficiency and meeting service standards.”

The Postal Service estimates significant revenue declines due to the COVID-19 pandemic and the resulting economic fallout. Therefore, it is vital that the Postal Service focus on its financial health and address causes for costs increasing at a time when mail volumes decreased.

The Postal Service needs effective and productive operations to fulfill its mission of providing prompt, reliable, and affordable mail service to the American public. The Postal Service also has service standards that specify timeliness targets for delivering mail. As part of its five-year strategic plan, the Postal Service's Optimize Network Platform initiative is responsible for evaluating, right-sizing, and equipping the mail processing infrastructure and transportation networks to increase operating efficiency, reduce costs, and improve reliability.

This is a follow-up audit to the *U.S. Postal Service Processing Network Optimization* (Report Number NO-AR-19-006, dated September 9, 2019) audit and the *Assessment of the U.S. Postal Service's Service Performance and Costs* (Report Number NO-AR-19-008, dated September 17, 2019).

In the prior projects, we found the Postal Service has not decreased processing costs at a rate consistent with the decline in mail volume. As a result, the

Postal Service is processing mail with lower productivity for letter, flat, and manual operations. Additionally, even though infrastructure costs have been increasing and volumes are declining, the Postal Service has not met the majority of its service performance targets over the past five years.

This audit was designed to further determine the causes of these operational and service challenges. To do so, we conducted 18 site visits at Processing and Distribution Centers (P&DC) nationwide, with 10 focusing on processing efficiency and eight focusing on service impacts. We observed well performing facilities and those which had performance challenges, and we selected each by analyzing efficiency and service performance metrics for mail processing and transportation operations. In addition, we conducted 24 site visits to delivery units associated with the P&DCs to observe mail processing impacts on delivery and how delays in obtaining collection mail impact mail processing.

Finding

Although we found certain locations with best practices in place to improve efficiency and performance, generally, the Postal Service's processing network is not operating at optimal efficiency. Additionally, the Postal Service's drive to meet service performance targets has increased costs and inefficiency due to issues with integrating mail processing, transportation, and delivery operations.

Best Practices

Certain best practices were employed at various locations to increase efficiency and management oversight:

- Senior management communicated processing goals and held daily discussions with front-line managers who were not meeting goals.
- Daily communication and coordination between mail processing and transportation managers that ensured mail was processed and transported timely.
- Front-line managers urgently implemented actions to complete processing operations early and transport mail on a trip prior to the last scheduled transportation trip.

- Employees took sorted packages to the dock, while the processing operations were still ongoing, in order to have as many mailpieces as possible on the last scheduled transportation trip rather than having them go later on extra trips.
- Signage and documentation posted at each letter processing machine that displayed the Run Plan Generator (RPG), a tool to help manage mail processing operations; identified transportation; and communicated the mail flow to ensure that everyone clearly understood daily plans and goals.

Processing Productivity

As stated in our prior audit, overall the Postal Service has been less efficient at processing mail each year since fiscal year (FY) 2014, as mail processing workhours have not decreased at a rate consistent with decreased mail volume, while productivity for packages has increased. Meeting service targets has been the overriding goal.

Service Performance

Generally, management prioritized high-quality service above the financial health of the Postal Service and is making decisions daily to attempt to meet service performance goals that are significantly increasing costs.

During our site visits, we observed that mail processing operations were not completed on time and mail missed its last scheduled transportation trip. In response, management used overtime to finish processing the mail and either delayed the scheduled transportation trip or called for an extra trip, incurring additional costs. Intermediate trips had very little mail, resulting in additional mail (including unsorted mail) going on the last trip. This inundated the delivery units, required expensive manual sorting before routes began, and shortened time to prepare mail for delivery since it came later than planned.

We reviewed FY 2019 nationwide performance metrics and determined that:

- About 17 percent of mail volume was not processed on time to meet its target delivery date;
- The Postal Service did not meet, on average, any of its target goals for completing mail processing operations on time. Of the 11 total indicators, only four were within 5 percentage points of their targets;

- About 20 percent of total transportation trips (or four million trips) left mail processing facilities late;
- About 4 percent of total transportation trips (or 801,000 trips) were extra trips that originated from mail processing facilities;
- About 7 percent of total letter volume was sent to delivery units for manual sorting; and
- Carriers returned after 6:00 p.m. over 7.7 million times (or 18 percent of the time) indicating that they were on the street delivering mail later than planned.

The Postal Service spent \$1.1 billion in mail processing overtime and penalty overtime, \$280 million in late and extra transportation, and \$2.9 billion in delivery overtime and penalty overtime costs in FY 2019. Even with these significant additional costs, the Postal Service only met service performance targets for five (or 15 percent) of the 33 mail products in FY 2019.

Transportation and delivery operations can also impact the timely completion of mail processing operations when mail arrives late to the processing facility from other facilities or delivery units. We reviewed nationwide performance metrics in FY 2019 and determined that about 594,000 containers arrived late, about six million transportation trips (or 32 percent of total trips) arrived late into mail processing facilities, and about 704,000 extra transportation trips to mail processing facilities occurred.

We evaluated the causes of these decreases in operational efficiency and service performance and can attribute them, at least in part, to management oversight issues and lack of employee availability.

Management Oversight Issues

Management oversight was an issue for front-line and senior managers. Front-line managers were short-staffed by 219 positions (or about 4.9 percent). Further, during FY 2019, about 4,600 employees acted in supervisory roles and were not required to have the same training as full-time supervisors. Additionally, in FY 2019, the average tenure of more senior managers, including plant managers and managers, in-plant support, was about three years. Of those managers, almost 23 percent had been in their positions for a year or less.

Lastly, during our site visits, we observed management not using all available tools to properly manage operations. For example, front-line managers were not using the RPG and actual start and/or completion times of mail processing operations typically varied from the plan by two hours or more at the sites visited.

Additionally, since FY 2014, the Postal Service has increased its total operating expense (TOE) budget by \$7 billion (or 11 percent) despite decreasing mail volume. However, even with these increases, 135 mail processing facilities (or about 51 percent) were over their planned TOE.

Further, individualization of mail processing facilities (lack of standardization) makes it very challenging to analyze performance of the Postal Service network. Mail processing facilities vary in the type and amount of mail processed, facility square footage, and the number of processing machines used. Additionally, there are different processing end times and last transportation times for each delivery unit that the processing facility serves, depending on how far away the delivery units are. The Postal Service does not have an automated system to evaluate how well processing and transportation are meeting those times or to ensure the planned times are appropriate and updated as needed.

Employee Availability

In FY 2019, mail processing operations were short-staffed by about 1,250 career employees (or 1.6 percent), according to the Postal Service's staffing tool. An additional 1,050 mail processing employees (or 1.4 percent) went an entire year without working due to various reasons such as sick leave, leave without pay (LWOP), or workers' compensation.

Furthermore, over 80 percent of mail processing managers did not meet the employee availability target rate of 94.82 percent for FY 2019. On average 5,500 career employees (or 7 percent) were unavailable each day due to the use of sick leave, LWOP, or absence without leave.

“In total, we estimate that addressing the issues identified in this report would allow the Postal Service an opportunity to increase efficiency by reducing about 9.2 million workhours, or \$385.6 million. ”

Correcting the causes of low productivity will help reduce costs, increase operational efficiency, and better support the Postal Service's strategic plan to optimize its network platform. In total, we estimate that addressing the issues identified in this report would allow the Postal Service an opportunity to increase efficiency by reducing about 9.2 million workhours, or \$385.6 million.

Recommendations

We recommended management:

- Implement best practices identified during site visits to increase operational efficiency and management oversight nationwide.
- Create a program to develop emerging leaders into potential front-line managers and require all acting managers to participate.
- Ensure front-line managers use the RPG to manage mail processing operations.
- When the impacts of COVID-19 begin to subside, develop a plan, with milestones and measurable goals, to increase staff availability, including applying standard operating procedures to address employees out for significant periods of time.
- Develop an automated system to monitor performance of the integration among processing, transportation, and delivery operations.

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

June 16, 2020

MEMORANDUM FOR:

DR. JOSHUA D. COLIN
ACTING VICE PRESIDENT PROCESSING AND
MAINTENANCE OPERATIONS



FROM:

Darrell E. Benjamin, Jr.
Deputy Assistant Inspector General
for Mission Operations

SUBJECT:

Audit Report – U.S. Postal Service's Processing
Network Optimization and Service Impacts
(Report Number 19XG013NO000-R20)

This report presents the results of our audit of the U.S. Postal Service's Processing Network Optimization and Service Impacts.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Todd J. Watson, Director, Network Processing, or me at 703-248-2100.

Attachment

cc: Postmaster General
Corporate Audit Response Management

Results

Introduction/Objective

This report presents the results of our self-initiated audit of the U.S. Postal Service’s Processing Network Optimization and Service Impacts (Project Number 19XG013NO000). Our objective was to determine if the Postal Service’s processing network is operating at optimal efficiency and meeting service standards.

Background

The Postal Service needs effective and productive operations to fulfill its mission of providing prompt, reliable, and affordable mail service to the American public. As part of its five-year strategic plan, the Postal Service’s Optimize Network Platform initiative is responsible for evaluating, right-sizing, and equipping the mail processing infrastructure and transportation networks to increase operating efficiency, reduce costs, and improve reliability.

With electronic diversion and a decline in First-Class Mail — its most profitable product — the Postal Service is processing, transporting, and delivering more packages as part of its mail mix, which typically costs more than letters or flats to process, transport, and deliver. This changing mail mix is helpful to understanding the Postal Service’s costs.

The Postal Service generally processes mail in five interdependent phases which have timelines for moving mail from one phase to the next (see [Figure 1](#)). These timelines (outlined below) help the Postal Service prepare for each phase and process, transport, and deliver mail to meet service standards.

1. Collections/Acceptance – collecting mail from all induction points which include blue collection boxes, retail units, businesses, and residences. Customers who mail in bulk can also induct their mail at various locations.
2. Originating Mail Processing – sorting of mail originating within a facility’s boundary. Mail destined within the same boundary will be sent to delivery after processing and mail not destined within the same boundary is sent to another Postal Service facility for additional processing.

“The Postal Service generally processes mail in five interdependent phases which have timelines for moving mail from one phase to the next.”

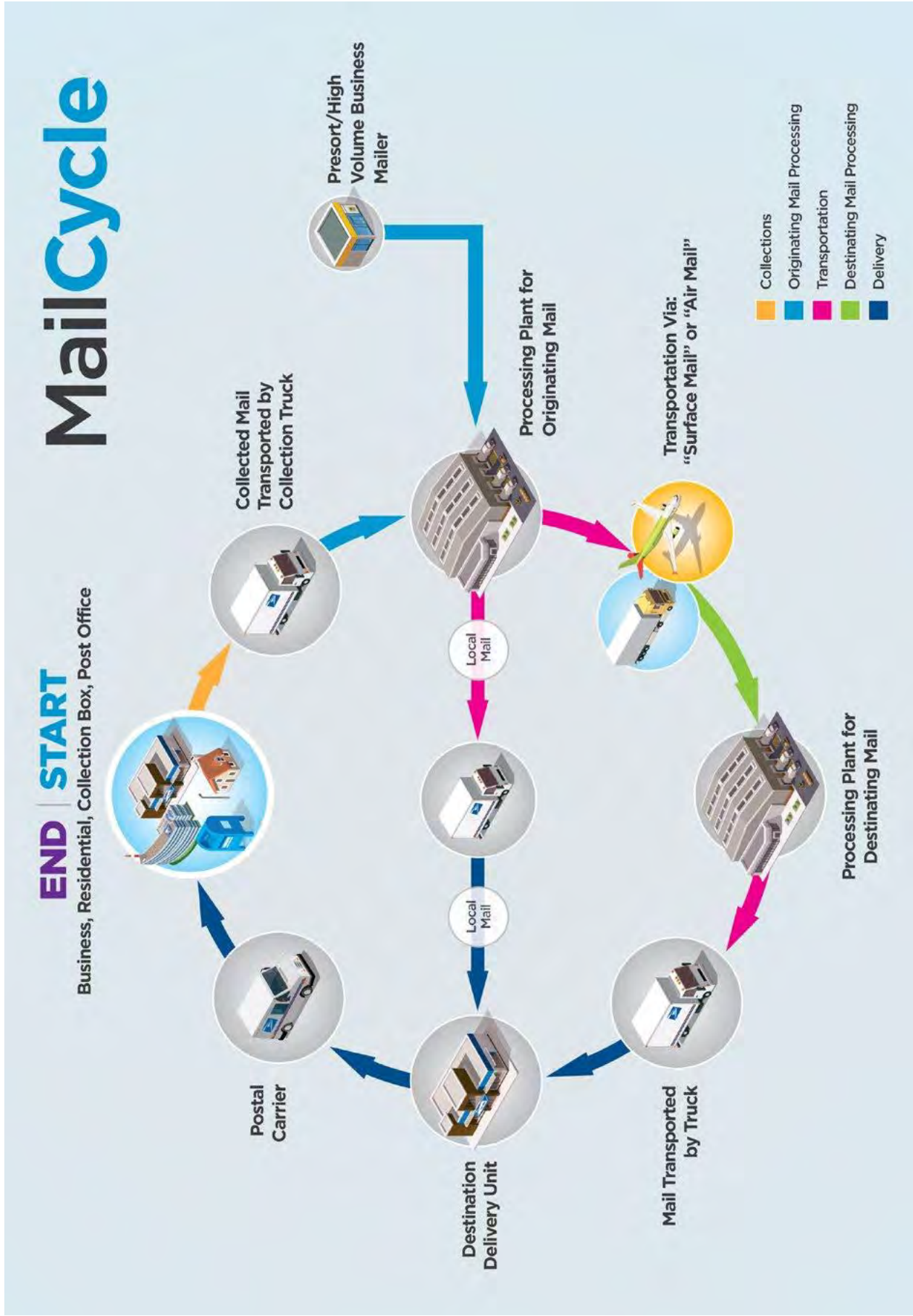
3. Transportation – moving mail between facilities. The Postal Service transports mail primarily by contract air and truck using both Postal Service and contracted transportation.
4. Destinating Mail Processing – sorting of mail destinating within a facility’s boundary for delivery.
5. Delivery – delivering mail to the final address.

The Postal Service is subject to a universal service obligation to ensure all customers receive a minimum level of service at a reasonable price. Service standards specify timeliness targets for delivering mail after receiving it from a customer and service performance targets for each mail product measure achievement based on how much mail met service standards.

This is a follow-up audit to the U.S. Postal Service Processing Network Optimization (Report Number NO-AR-19-006, dated September 9, 2019) audit and the Assessment of the U.S. Postal Service’s Service Performance and Costs (Report Number NO-AR-19-008, dated September 17, 2019). In the U.S. Postal Service Processing Network Optimization audit, we found the Postal Service had not achieved planned cost savings nor decreased processing costs at a rate consistent with the decline in mail volume. As a result, the Postal Service is processing mail with lower productivity for letter, flat, and manual operations.

In the Assessment of the U.S. Postal Service’s Service Performance and Costs audit, we found even though infrastructure costs have been increasing and volumes are declining, the Postal Service has not met the majority of its service performance targets over the past five years. Specifically, over the last five years,

Figure 1. Postal Service Mail Cycle



Source: U.S. Postal Service Office of Inspector General (OIG) analysis based on fiscal year (FY) 2018 Annual Compliance Determination Report.

Table 1. Facilities Selected for Review

Area	Facility (P&DC)	Scope of Review	Better/Lower Performer ⁴
Capital Metro	Atlanta, GA	Service Impacts	Lower
	Northern VA	Efficiency	Lower
	Richmond, VA	Efficiency	Lower
Eastern	Cincinnati, OH	Service Impacts	Lower
	Cleveland, OH	Efficiency	Lower
	Pittsburgh, PA	Efficiency	Better
Great Lakes	Chicago, IL	Service Impacts	Lower
	Detroit, MI	Efficiency	Lower
Northeast	Hartford, CT	Service Impacts	Better
	NY Morgan, NY	Efficiency	Lower
Pacific	Los Angeles, CA	Efficiency and Service Impacts ⁵	Lower
Southern	North Texas, TX	Efficiency and Service Impacts ⁵	Lower
	West Palm Beach, FL	Efficiency	Better
Western	Des Moines, IA	Efficiency	Lower
	Las Vegas, NV	Service Impacts	Better
	Salt Lake City, UT	Service Impacts	Better

Source: OIG analysis.

the Postal Service only met annual service performance targets more than once for four (or 13 percent) of the 31 mail products. In addition, we surveyed about 1,500 plant managers¹, in-plant support managers², transportation managers, and postmasters to determine, based on their experience, the causes of Postal Service not meeting service standards.

The 744 managers who responded to the survey identified the main causes of service failure as:

- Missent Mail
 - Late Trucks to Delivery Units
 - Employee Availability
 - Untrained Employees/Managers
 - Mail Processing Operations Not Completed On Time
- “We conducted 18 site visits at 16 P&DCs nationwide, 10 focusing on processing efficiency and eight focusing on service impacts.”***

This audit was designed to further determine the causes of these operational and service challenges. To do so, we determined causes of late trucks, employee availability, untrained employees/managers, and mail processing operations not being completed on time.³ We conducted 18 site visits at 16 Processing and Distribution Centers (P&DC) nationwide, 10 focusing on processing efficiency and eight focusing on service impacts. This included lower performing facilities and better performing facilities to determine potential best practices (see Table 1).

1 Plant managers are responsible for managing implementation of programs to improve productivity and reduce costs including systems to collect, track, and measure operational and equipment performance data.

2 Managers, in-plant support, are responsible for managing the review and evaluation of local operations, ensuring that service and quality goals are met, and working with local managers to improve operations and procedures.

3 While missent mail is not discussed in this audit, during site observations we saw packages being sorted into the incorrect bin and letter trays with incorrect tray labels. We plan to conduct additional work on missent mail in the future.

4 We determined lower performing and better performing facilities by analyzing efficiency and service performance metrics for both mail processing and transportation operations (e.g., delayed mail; 24-Hour Clock Indicators; late, extra, and cancelled trips; productivity; staffing; employee availability; service scores; and overtime) compared to nationwide averages.

5 We performed efficiency and service impact reviews for the Los Angeles and North Texas P&DCs during two separate site visits.

In addition, we conducted 24⁶ site visits to delivery units to observe mail processing impacts on delivery and how delays in obtaining collection mail impact mail processing.

Our audit focused on efficiencies and service performance in the following mail processing operations: automated letters, flats, packages, and bundles; and manual processing (see Table 2). See [Appendix A](#) for additional details.

Table 2. Labor Distribution Code (LDC)⁷ Descriptions and Definitions

LDC	Description	Definition
11	Automated Distribution Letters	All non-supervisory workhours used in the automated processing of letters on equipment.
12	Automated/Mechanized Flats	All non-supervisory workhours used in the automated/mechanized processing of flats on equipment.
13	Package Processing	All non-supervisory workhours used in the mechanized processing of packages, non-machinable outsides, small parcels, bundles, and sacks on mechanized equipment.
14	Manual Distribution	All non-supervisory workhours used in the manual distribution of letters, flats, and packages.

Source: Handbook M-32, *Management Operating Data System (MODS)*, dated September 2018; and Handbook F-2, *Functional Management*, dated September 2019.

Our fieldwork was completed before the President of the United States issued the national emergency declaration concerning the novel Coronavirus disease outbreak (COVID-19) on March 13, 2020. The results of this audit do not reflect process and/or operational changes that may have occurred as a result of the pandemic.

The Postal Service estimates significant revenue declines due to the COVID-19 pandemic and the resulting economic fallout. Therefore, it is vital for the

Postal Service to focus on its financial health and address causes for costs increasing at a time when mail volumes decreased.

Finding #1: Optimization of Efficiency and Service Performance

Although we found certain locations with best practices in place to improve efficiency and performance, generally, the Postal Service’s processing network is not operating at optimal efficiency. Additionally, the Postal Service’s drive to meet service performance targets has resulted in increased costs and inefficiency due to issues with the integration of mail processing, transportation, and delivery operations.

Best Practices

Certain best practices were employed at various locations to increase efficiency and management oversight:

- Senior management communicated processing goals and held daily discussions with front-line managers who were not meeting goals. At the West Palm Beach P&DC, plant management stated the facility has been pushing efficiency and will discuss performance with supervisors every two hours.
- Daily communication and coordination between mail processing and transportation managers that ensure mail was processed and transported timely. At the Las Vegas P&DC, we observed an informal meeting between mail processing managers and transportation managers, saw mail processing managers walking the dock and transportation managers walking near the

“The Postal Service’s drive to meet service performance targets has resulted in increased costs and inefficiency due to issues with the integration of mail processing, and transportation, and delivery operations.”

6 We selected three delivery units for each of the eight facilities visited as part of the service impact review.
7 The Postal Service compiles workhour, workload, and other reports for management’s use by functional category or LDC. An LDC is a 2-digit code that identifies major work assignments of employees.
U.S. Postal Service’s Processing Network Optimization and Service Impacts
Report Number 19XG013NO000-R20

Conversely, package productivity increased by about 67 percent. Package volume increased by about 56 percent, while workhours decreased by about 7 percent and overtime workhours increased by about 27 percent (see Table 3).

Table 3. Volume, Workhours, Overtime, and Productivity from FY 2014 to FY 2019 by Mail Product

Mail Product	Volume (Billions)	Workhours (Millions)	Overtime (Thousands)	Productivity
Letters	FY 2014	38.1	3,832	7,788
	FY 2019	35.8	5,460	7,304
	Percentage Difference	-5.93%	42.48%	-6.22%
Flats	FY 2014	8.1	684.6	2,404
	FY 2019	7.7	997	1,980
	Percentage Difference	-4.89%	45.64%	-17.64%
Manual	FY 2014	20.3	2,043.3	550
	FY 2019	19.7	3,054.1	433
	Percentage Difference	-2.96%	49.47%	-21.27%
Packages	FY 2014	30.4	3,248.4	143
	FY 2019	28.5	4,115.1	238
	Percentage Difference	-6.55%	26.68%	66.86%

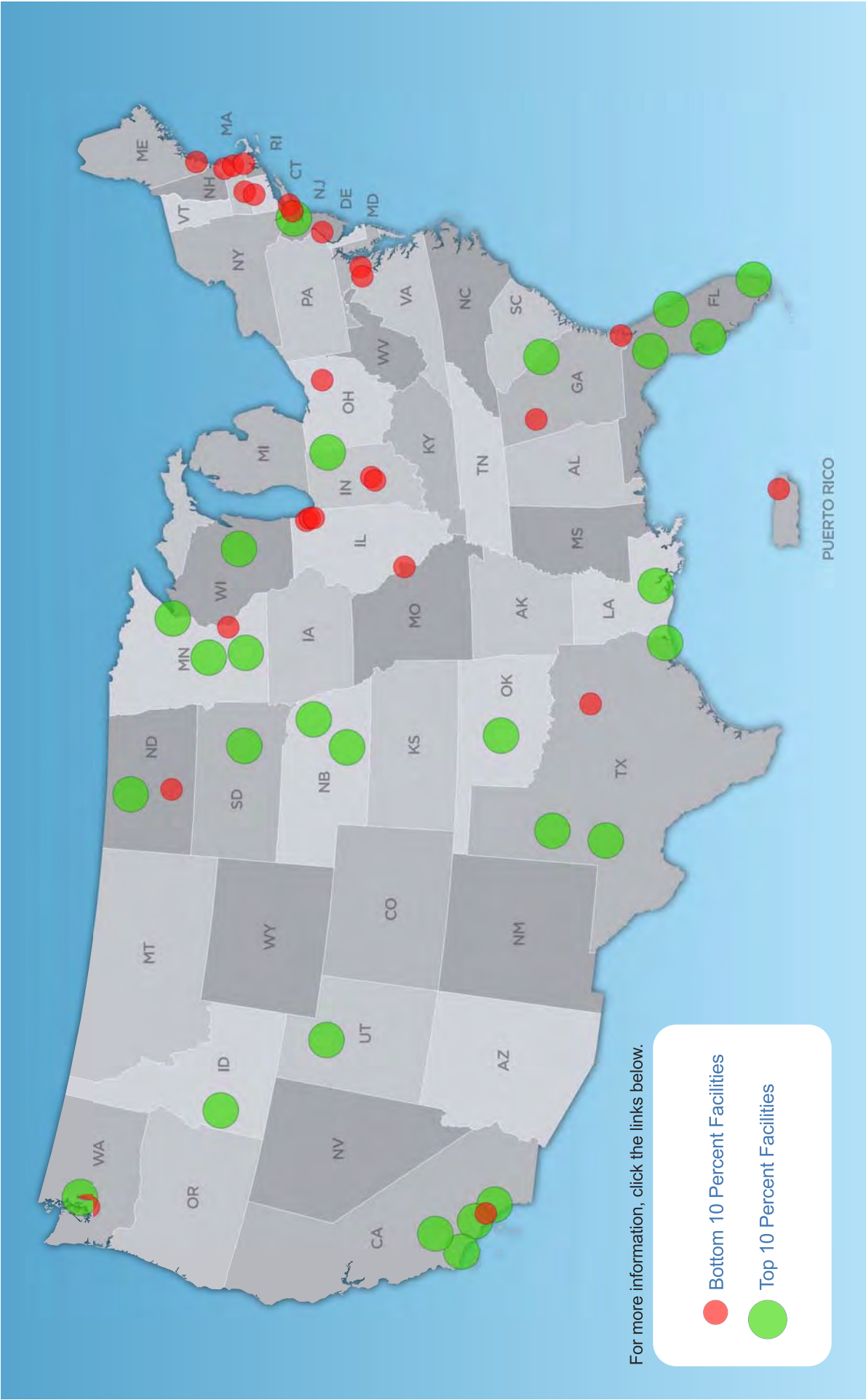
Source: MODS and OIG analysis.

Further, in FY 2019, only two facilities, or about 1 percent of all mail processing facilities, met their Mail Processing Variance (MPV)¹¹ productivity targets. On average, mail processing facilities were 34 percent below their productivity targets. The top 10 percent most efficient facilities were below targets by about 14 percent, while the bottom 10 percent least efficient facilities were about 52 percent below targets. See [Figure 2](#) for the most and least efficient mail processing facilities. See [Appendix B](#) for additional details.

“Further, in FY 2019, only two facilities, or about 1 percent of all mail processing facilities, met their MPV productivity targets.”

¹¹ The Postal Service established its MPV model to measure annual mail processing operational performance and efficiency for all facilities. The MPV model provides workhour, workload, and productivity analysis and calculates performance using target productivities.

Figure 2. Most and Least Efficient Mail Processing Facilities



Service Performance

Generally, management prioritized high-quality service above the financial health of the Postal Service¹² and are making decisions daily to meet service performance goals that are significantly increasing costs.

At five of the eight facilities we visited, we observed that mail processing operations were not completed on time to meet established clearance times¹³ and mail missed the last scheduled transportation trip. In response, management used overtime to finish processing the mail and either delayed the scheduled transportation trip or called for an extra trip, incurring additional costs. Intermediate trips, used to transport mail from the processing facility to the delivery unit as it is processed, had very little mail. This resulted in additional mail (including mail that requires additional sorting at delivery units) going out on the last trip from the facility. This inundated the delivery units, required expensive manual sorting before routes began, and shortened the time the units had to prepare mail for delivery since it came later than planned. Furthermore, we observed mail that could have been sorted by delivery point sequence¹⁴ (DPS) being sent to the delivery units not sequenced because it did not get processed on time. This required delivery personnel to manually sort the mail at an additional expense (see Table 4).

Table 4. Summary of Mail Processing's Impact on Downstream Operations During Site Observations

Facility (P&DC)	Mail Processing Completed by Clearance Time ¹⁵	Mail Met Last Scheduled Transportation	Percentage of Outbound Late or Extra Trips ¹⁶	Average Length of Time Mail Arrived Late to Delivery Units Observed	Percentage of Letter Mail that Required Additional Sorting at Delivery Units Observed ¹⁷
Lower Performing Sites					
Atlanta	No	No	38%	1 hour 30 minutes	12%
Chicago	No	No	23%	1 hour 09 minutes	11%
Cincinnati	No	No	12%	1 minute	8%
Los Angeles	No	No	19%	37 minutes	5%
North Texas	No	No	39%	3 hours 55 minutes	13%
Better Performing Sites					
Las Vegas	Yes	Yes	4%	0 minutes	7%
Hartford	Yes	Yes	6%	36 minutes	6%
Salt Lake City	Yes	Yes	14%	0 minutes	6%

Source: OIG site observations conducted from January 6 through February 6, 2020; Surface Visibility, and Enterprise Data Warehouse (EDW).

12 According to our survey of about 1,500 plant managers, in-plant support managers, transportation managers, and postmasters, in the *Assessment of the U.S. Postal Service's Service Performance and Costs* report (Report Number NO-AR-19-008, dated September 17, 2019).

13 The latest time that mail can pass through an operation to make proper dispatch.

14 An automated process of sorting mail by carrier routes into delivery order, eliminating the need for carriers to sort mail manually in the delivery unit prior to their departure to routes.

15 During the observations, the audit team saw letters, flats, and/or package operations. Clearance times and last scheduled transportation trips were identified as met if the facilities completed operations and departed timely to delivery units.

16 This includes all outbound late and extra transportation.

17 The amount of mail is self-reported and only includes city routes.

The following are examples of the inefficiencies and integration issues observed during our site visits and the impact they had on transportation and delivery operations:

- During our site visits at the North Texas P&DC, from January 7-9, 2020, we observed mail processing not being completed until one to two hours after established clearance times and last scheduled transportation trips, despite the use of over 3,400 overtime workhours. This resulted in scheduled transportation trips departing with almost no mail (see Figure 3) and 264 extra transportation trips. Expeditors stated this occurs daily because mail processing does not clear the mail on time. We observed an extra trip arrive at a delivery unit two hours after carriers departed to the street. This resulted in carriers losing about 40 minutes per route returning to the delivery unit to retrieve the mail for delivery.

Figure 3. North Texas P&DC Last Scheduled Transportation Trip to a Delivery Unit



Source: OIG photograph taken January 9, 2020 at 5:23 a.m. of the last scheduled transportation trip sent to a delivery unit with only three containers of mail. An additional 22 containers of mail were transported to the delivery unit on an extra trip once mail processing was completed about five hours later.

¹⁸ The Postal Service reports mail processing delays when mail is not processed on time to meet its established delivery or when mail is processed but not on the dock on time for scheduled transportation to delivery units.

- During our site visits at the Atlanta P&DC, from January 28-30, 2020, we observed mail processing not being completed by established clearance times and last scheduled transportation trips. The facility's manual package processing operation was not completed until several hours after the last scheduled transportation trips. In response, management used about 3,000 overtime workhours to finish processing the mail, delayed 46 scheduled transportation trips, and called 49 extra trips, incurring additional costs. Furthermore, we observed over 30,000 mailpieces that could have been sorted by DPS being sent to two delivery units not sequenced because it did not get processed on time. See Figure 4 for examples of mail that required additional sortation at delivery units. As a result, at a delivery unit we observed, management stated that they received six grievances from rural carriers because they were sorting more mail daily than expected for that route.

Figure 4. Atlanta P&DC Letter Mail That Required Additional Sortation at Delivery Units



Source: OIG photographs taken on January 30, 2020, at 4:12 a.m., 4:14 a.m., and 12:48 a.m., respectively.

We also reviewed FY 2019 nationwide performance metrics and determined that Postal Service operations were routinely not completed as designed:

- Over 48.5 billion mailpieces (or about 17 percent of all mail processed) were not processed on time¹⁸ in FY 2019.

- According to the Postal Service's 24-Hour Clock Indicators¹⁹, it did not meet, on average, any of its target goals for completing mail processing operations on time. Of the 11 total indicators, only four were within 5 percentage points of their targets (see Table 5).

Table 5. Comparison of FY 2019 24-Hour Clock Indicators to Target

Mail Class	24-Hour Clock Indicator	Target	Average Percentage Achieved	Number of Days Target Met	Total Number of Days
■	■	■	■	■	■
■	■	■	■	■	■
■	■	■	■	■	■
■	■	■	■	■	■
■	■	■	■	■	■
■	■	■	■	■	■
First-Class	Managed Mail Program ²³ Cleared by 3:00 p.m.	95%	88%	0	365
First-Class	Cancelled ²⁴ by 8:00 p.m.	80%	44%	9	342
First-Class	Outgoing Primary ²⁵ Cleared by 12:00 a.m.	95%	91%	60	365
First-Class	Outgoing Secondary ²⁶ Cleared by 12:30 a.m.	95%	77%	1	365
First-Class	Mail Assigned Commercial/FedEx by 2:30 a.m.	95%	91%	34	365
First-Class	DPS 2nd Pass Cleared by 5:00 a.m.	95%	94%	233	365

Source: Service and Field Operations Performance Measurements, 24-Hour Clock & Key Operational Indicators, and OIG calculations.

- About 20 percent of total transportation trips (or four million trips) left mail processing facilities late. ■ About 7 percent of total letter volume was sent to delivery units for manual sorting.
- About 4 percent of total transportation trips (or 801,000 trips) were extra trips that originated from mail processing facilities. ■ Carriers returned after 6:00 p.m. over 7.7 million times (or about 18 percent of the time), indicating that they were on the street delivering mail later than planned.

19 The Postal Service developed 24-Hour Clock indicators to help manage mail flow to achieve optimal service and efficiency while ensuring national consistency in processes. Generally, the indicators measure how much mail is processed in each operation by the desired clearance times.

20 Mail products that require no advanced preparation, sortation, or barcoding.

21 Local mail, called turn-around mail, is processed in the incoming operations for delivery.

22 Incoming mail arriving to a processing facility for delivery.

23 A distribution system where First-Class Mail for a specific ZIP Code span is massed at a facility for distribution and dispatch.

24 To make a live postage stamp (except a precanceled stamp) unusable, usually at the point of original entry into the mailstream.

25 A sort plan in which outgoing mail (collection and business mail entry unit mail) is sorted to facilities, states, large cities, or foreign countries.

26 A sort plan in which mail is sorted in an outgoing primary operation but needs further sortation.

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<p>In FY 2019, the Postal Service spent \$1.1 billion in mail processing overtime and penalty overtime, \$280 million in late and extra transportation, and \$2.9 billion in delivery overtime and penalty overtime costs. Even with these significant additional costs, the Postal Service did not meet the majority of its service performance targets. Specifically, it met targets for only five (or 15 percent) of the 33 mail products (see Appendix C for additional details). In FY 2018, the Postal Service met three (or about 10 percent) of the 31 mail products' service performance targets.</p> <p>In addition, transportation and delivery operations can impact mail processing's ability to complete operations timely. Specifically, when collection mail from delivery units arrives late, or when the transportation of mail from another processing facility arrives late, it can impact mail processing's ability to meet established clearance times. We reviewed nationwide performance metrics in FY 2019 and determined that:</p> <ul style="list-style-type: none"> ■ 594, 158 containers of mail arrived late into mail processing facilities. ■ About six million transportation trips (or 32 percent of total trips) arrived late to mail processing facilities. ■ An additional 704,000 extra transportation trips were sent to mail processing facilities. <p>We evaluated the causes of decreased operational efficiency and service performance and found that these issues can be attributed, at least in part, to management oversight issues and employee availability.</p> <p>U.S. Postal Service's Processing Network Optimization and Service Impacts Report Number 19XG013NO000-R20</p>	<p><i>“In FY 2019, the Postal Service spent \$1.1 billion in mail processing overtime and penalty overtime, \$280 million in late and extra transportation, and \$2.9 billion in delivery overtime and penalty overtime costs.”</i></p>	<p>Management Oversight Issues</p> <p>Postal Service management identified untrained managers and inadequate oversight as main causes of decreased operational efficiency and service performance. During our site visits, we identified 12 facilities with inadequate oversight causing decreased operational efficiency.</p> <p>Management oversight was an issue, in part, due to front-line managers being short-staffed by 219 positions (or about 4.9 percent). During FY 2019, about 4,600 employees acted in supervisory roles and were not required to have the same training as full-time supervisors. Of those employees, 982 (21 percent of acting managers) had been acting six months or longer. During a site visit at one facility, senior management stated that service performance was being impacted due to being short-staffed by eight front-line managers and not having potential candidates to fill the positions.</p> <p>Turnover and Tenure</p> <p>Inadequate management oversight was also an issue due to turnover and instability at the senior management level. In FY 2019, the average tenure of plant managers and managers, in-plant support, was about three years. Of those managers, almost 23 percent had been in their positions for a year or less. One example of where this issue was evident was at the Cincinnati P&DC in the Ohio Valley District. The Plant Manager was recently made permanent in November 2019 and the Transportation Manager and Manager, in-plant support, were acting in their positions. In addition, the District Manager was in the process of being made permanent and the Senior Plant Manager was also in an acting role.</p> <p>Available Tools</p> <p>During our site visits, management did not make use of all available tools to properly manage operations. Specifically, front-line managers were not using</p>	<p>Case 1:20-cv-03127-SAB ECF No. 76-1 filed 09/15/20 PageID.1925 Page 274 of 504</p> <p>BACK to COVER</p> <p>15</p>

the RPG. However, senior management communicated that they and the front-line managers use the RPG to properly manage mail processing activities.²⁷ The RPG helps manage mail processing operations by combining site-specific mail processing machines, sort programs, maintenance requirements, mail volume, and the rate at which machines process mail to project daily machine run plans. Beginning mail processing operations too early may not allow for an

adequate amount of mail to arrive at the facility potentially impacting efficiency. Completing mail processing operations too late may lead to missed clearance times potentially impacting service. Based on our analysis, actual start and/or completion times of mail processing operations typically varied from the plan by two hours or more at the sites visited (see Table 6).

Table 6. Mail Processing Machine Operations Compared to Plan

Facility (P&DC)	Number Of Processing Machines	Percentage ²⁸ Of Machines That Varied From Plan By Less Than 30 Minutes	Percentage ²⁸ Of Machines That Varied From Plan Between 30 Minutes to 2 Hours	Percentage ²⁸ Of Machines That Varied From Plan By Over 2 Hours
Cleveland	57	28%	37%	35%
Des Moines	22	14%	27%	59%
Detroit	36	6%	25%	69%
Los Angeles	76	28%	16%	57%
North Texas	50	6%	30%	64%
Northern Virginia	29	0%	7%	93%
NY Morgan	61	5%	10%	85%
Pittsburgh	53	26%	15%	59%
Richmond	45	31%	20%	49%
West Palm Beach	35	9%	29%	63%

Source: Web End-of-Run (WebEOR).

Budgets

In addition, area vice presidents, district managers, and plant managers are responsible for planning, budgeting, and monitoring performance against their operating expense budgets.²⁹ Since FY 2014, the Postal Service has increased national total operating expense (TOE) budgets by \$7 billion (or 11 percent)

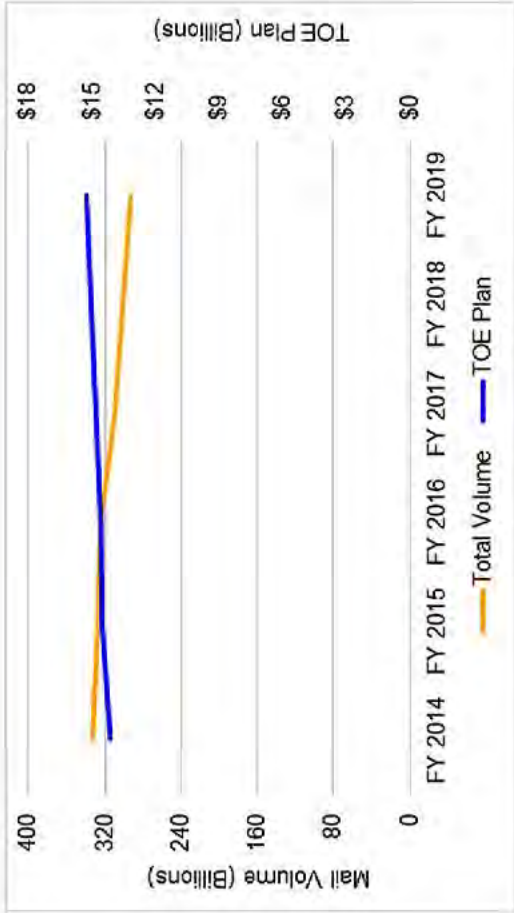
including increasing planned mail processing TOE by about \$1.2 billion (or 8 percent) despite decreasing mail volume (see Figure 5). However, even with these increases, 135 mail processing facilities (or about 51 percent) were over their planned TOE.

²⁷ In January 2020, the Postal Service implemented an RPG scorecard to monitor RPG compliance nationwide. As this was recently implemented and still in development, we did not review it as part of our ongoing audit.

²⁸ Percentages may not total 100 due to rounding.

²⁹ Handbook F-2, Section 2-3, Postal Service Field: Area, District, and Plant Managers, dated July 2014.

Figure 5. Volume to Planned TOE



Source: EDW and MODS.

Standardization

Further, individualization of mail processing facilities (lack of standardization) makes it very challenging to analyze Postal Service network performance. Mail processing facilities vary in the type and amount of mail processed, facility square footage, and the number of processing machines used. Specifically, 58 facilities process only letters, flats, or packages; 82 facilities process two mail types; and 130 facilities process all mail types. In addition, mail processing facilities' square footage ranged from about 39,600 to 1.4 million square feet and the number of mail processing machines at facilities ranged between 1 and 98 (see Table 7).

Table 7. Mail Processing Facilities by Mail Process, Number of Machines, and Square Footage

Mail Type	Number of Facilities That Process Mail	Number of Processing Machines	Amount of Mail Processed	Mail Processing Facility Square Footage
Letters Only	19	1-61	120 million-4.1 billion	45K-473K
Flats Only	1	4	113 million	237K
Packages Only	38	1-8	250K-178 million	44K-720K
Two Mail Types Only	82	2-70	675K-4.4 billion	41K-1.4 million
All Mail Types	130	5-98	98 million-5.6 billion	40K-1.3 million

Source: Mail Processing Equipment Watch, EDW, and OIG analysis.
Note: For the ranges within the table, "K" represents thousands.

Additionally, there are different processing end times and last transportation times for each delivery unit the processing facility serves, depending on how far away the delivery units are. The Postal Service does not have an automated system to evaluate how well processing and transportation are meeting those times or to ensure the planned times are appropriate and updated as needed.

Employee Availability

Postal Service management identified staffing and employee availability as main causes of decreased operational efficiency and service performance. During site observations, 15 facilities identified these same main causes.

In FY 2019, mail processing operations were short-staffed by about 1,250 career employees (or 1.6 percent) according to the Function 1 Scheduler³⁰. An additional 1,050 mail processing employees (or 1.4 percent) went an entire year³¹ without

³⁰ A modeling tool the Postal Service uses at mail processing facilities nationwide to create job assignments for mail processing operations by employee labor code. The tool considers mail volume, the number and type of mail processing machines, transportation schedules, and productivity.

³¹ This includes employees who started an entire year of not working prior to the beginning of FY 2019 but extended into FY 2019.

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working due to various reasons such as sick leave, leave without pay (LWOP), or workers' compensation.

Furthermore, over 80 percent of mail processing managers did not meet the employee availability target rate of 94.82 percent for FY 2019³². On average 5,500 career employees, or 7 percent, were unavailable each day due to the use of sick leave, LWOP, or absence without leave. At the Cleveland P&DC, plant management stated that they have an extreme call-in issue and a correlation between call-ins and sporting events. For example, when the Cleveland Browns had a Sunday night football game on September 22, 2019, the facility had 193 employees on leave (or about 25 percent), with 103 call-ins, of all employees scheduled to work.

In addition, during FY 2019, mail processing facilities had a turnover rate of about 8 percent for career employees and about 3 percent for non-career employees. With each employee who leaves, management needs to hire and train a new employee. Each new onboarding potentially impacts productivity and service due to fewer trained employees being available for mail processing operations.

Correcting the causes of low productivity will help reduce costs, increase operational efficiency, and better support the Postal Service's strategic plan to optimize its network platform. For all processing facilities with LDCs 11, 12, and 14, we compared mail processing facilities' MPV productivity to the national average MPV productivity. If a mail processing facility was below national average MPV productivity, there was an opportunity for the facility to increase its efficiency in these LDCs. In total, we estimate that addressing the issues identified in this

report would allow the Postal Service an opportunity to increase efficiency by reducing about 9.2 million workhours, or \$385.6 million (see Table 8).

Table 8. Reduced Workhours and Costs Associated with Improved Efficiency

LDC	Description	Workhours Reductions	Workhour Rate	Savings
11	Automated Distribution - Letters	3,220,394	\$41.54	\$133,776,690
12	Automated/Mechanized - Flats	1,164,343	\$44.89	52,271,609
14	Manual Distribution	4,811,001	\$41.48	199,549,201
Total		9,195,739	--	\$385,597,500

Source: MPV, Labor Utilization Report, and OIG analysis.

Recommendation #1

We recommend the **Acting Vice President, Processing and Maintenance Operations**, implement best practices identified during site visits to increase operational efficiency and management oversight nationwide.

Recommendation #2

We recommend the **Acting Vice President, Processing and Maintenance Operations**, create a program to develop emerging leaders into potential front-line managers and require the participation of all acting managers.

Recommendation #3

We recommend the **Acting Vice President, Processing and Maintenance Operations**, ensure front-line managers use the Run Plan Generator to manage mail processing operations.

32 Our fieldwork was completed before the President of the United States issued the national emergency declaration concerning COVID-19 on March 13, 2020. The results of this audit do not reflect process and/or operational changes that may have occurred as a result of the pandemic.

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Recommendation #4

We recommend the **Acting Vice President, Processing and Maintenance Operations**, when the impacts of COVID-19 begin to subside, develop a plan, with milestones and measurable goals, to increase staff availability, including applying standard operating procedures to address employees out for significant periods of time.

Recommendation #5

We recommend the **Acting Vice President, Processing and Maintenance Operations**, develop an automated system to monitor performance of the integration among processing, transportation, and delivery operations.

Management’s Comments

Management generally agreed with the finding and calculations used to determine the monetary impact; agreed with recommendations 1, 3, 4, and 5; and partially agreed with recommendation 2. See [Appendix D](#) for management’s comments in their entirety.

Regarding recommendation 1, management stated they will ensure compliance with the use of RPG by operational floor managers and supervisors and will replicate projects to directly affect messaging of information to the craft level, including posting RPG planned volumes and start and end times at machine work areas. The target implementation date is July 31, 2020.

Regarding recommendation 2, management stated they do not believe it is feasible or reasonable that all acting managers obtain training, as some are only used to cover for infrequent and often unforeseen situations. However, management agreed to require training for long-term acting managers and has developed two additional secondary development programs for acting,


new, and existing managers to improve their knowledge skills and abilities in workroom floor planning and management. The target implementation date is September 30, 2020.

Regarding recommendation 3, management stated they are overseeing the development of three distinct compliance tracking tools for headquarters, area, district, and plant use that provide detailed performance analysis of RPG actual to plan performance. The target implementation date is July 31, 2020.

Regarding recommendation 4, management stated they will develop a standard operating procedure with Standard Work Instructions to assist the field in addressing employee availability performance. The target implementation date is September 30, 2020.

Regarding recommendation 5, management stated they have partnered with the Vice President, Delivery Operations, to jointly create a Voice of the Process (VOP)/Volume Arrival Profile (VAP) tool to review performance of integration between plant, delivery, and transportation operations. These tools provide a daily recap of operational clearance, carrier returns, and transportation between plant and delivery operations, and will be used to improve overall operations. The target implementation date was June 8, 2020.

Regarding the monetary impact, while management agreed with the general calculation used to determine the potential workhour savings for the bottom performing sites compared to national averages, they stated the calculation should also account for the top performing sites that performed above the national average and many sites have local constraints that prevent them from reaching the national averages.

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			<div data-bbox="77 100 105 289">  BACK to COVER </div> <div data-bbox="232 1365 267 2005"> <h3>Evaluation of Management's Comments</h3> </div> <div data-bbox="284 1066 560 2005"> <p>The OIG considers management's comments responsive to the recommendations and corrective actions should resolve the issues identified in the report.</p> <p>Regarding recommendation 2, the Postal Service's proposed corrective action requires long-term acting managers to obtain training, but not those who are on short-term assignment. The OIG considers this alternative action to be responsive to the recommendation.</p> </div> <div data-bbox="232 115 410 1033"> <p>Regarding the monetary impact, our calculation focused on the opportunities available for each facility below the national average to increase its efficiency. We consider our approach conservative as we excluded any facilities that we determined to be outliers (any facility that was two or more standard deviations³³ from the average) from the national average calculation.</p> </div> <div data-bbox="440 105 654 1033"> <p>All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. Recommendations 1 through 4 should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendations can be closed. We consider recommendation 5 closed with the issuance of this report.</p> </div> <div data-bbox="1485 157 1534 2005"> <p>³³ Standard deviation is a number used to tell how measurements for a data set are spread out from the mean, or average. A high standard deviation means that the numbers are more spread out.</p> </div> <div data-bbox="1550 1218 1599 2005"> <p>U.S. Postal Service's Processing Network Optimization and Service Impacts Report Number 19XG013NO000-R20</p> </div> <div data-bbox="1550 115 1575 136"> <p>20</p> </div>

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Appendix A: Additional Information

Scope and Methodology

The scope of this audit was nationwide efficiency and service performance impacts in the Postal Service during FY 2019. In addition, for comparison, we trended data from FY 2014.

To accomplish our objective, we:

- Performed site observations to determine efficiency measures used, causes of inefficiencies, and best practices.
- Determined if there are areas in the processing network the Postal Service has standardized.
- Performed site observations to determine where the most frequent failures occur in mail processing and identify best practices.
- Observed how delays in mail processing impact transportation and delivery operations.
- Identified costs associated with mail processing management interventions to meet service.

Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact (in millions)
<i>Assessment of the U.S. Postal Service's Service Performance and Costs</i>	Analyze service performance and cost trends of the Postal Service over the last five years.	NO-AR-19-008	9/17/2019	None
<i>U.S. Postal Service Processing Network Optimization</i>	Evaluate trends and practices the U.S. Postal Service uses to optimize its processing network.	NO-AR-19-006	9/9/2019	None
<i>Mail Processing Overtime</i>	Assess the Postal Service's management of mail processing overtime during FY 2018.	NO-AR-19-005	6/13/2019	\$358
<i>Operational Window Change Savings</i>	Determine if the Postal Service achieved its projected savings for the OWC.	NO-AR-19-001	10/15/2018	None

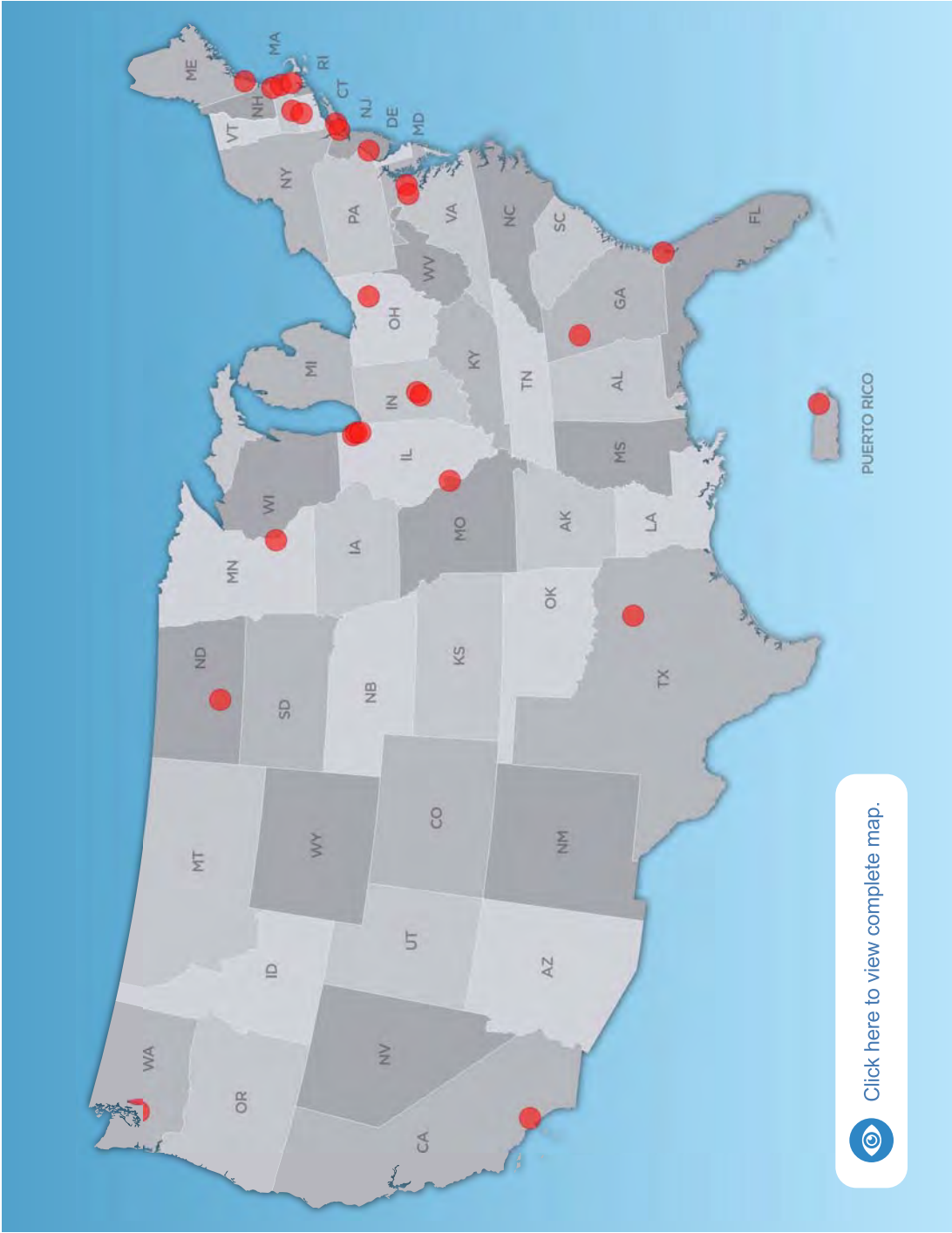
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Report Title	Objective	Report Number	Final Report Date	Monetary Impact (in millions)
<i>First-Class Mail Service Performance Measurement in the Northeast Area</i>	Evaluate the Postal Service's strategy to improve First-Class Mail service performance scores in the Northeast Area.	NO-AR-18-006	5/22/2018	None
<i>Continuous Improvement of Mail Processing Operations</i>	Evaluate the efficiency of the Postal Service's FY 2015 mail processing operations.	NO-AR-16-012	9/29/2016	\$465
<i>Mail Processing and Transportation Operational Changes</i>	Determine the timeliness of mail processing and transportation since the January 5, 2015, service standard revisions.	NO-AR-16-009	9/2/2016	None

Appendix B: Most & Least Efficient Mail Processing Facilities

The top 10 percent most efficient facilities were below targets by about 14 percent, while the bottom 10 percent least efficient facilities were about 52 percent below targets. See Figure 7 and Figure 8 for the most and least efficient mail processing facilities.

Figure 7. Least Efficient Facilities Mail Processing Facilities



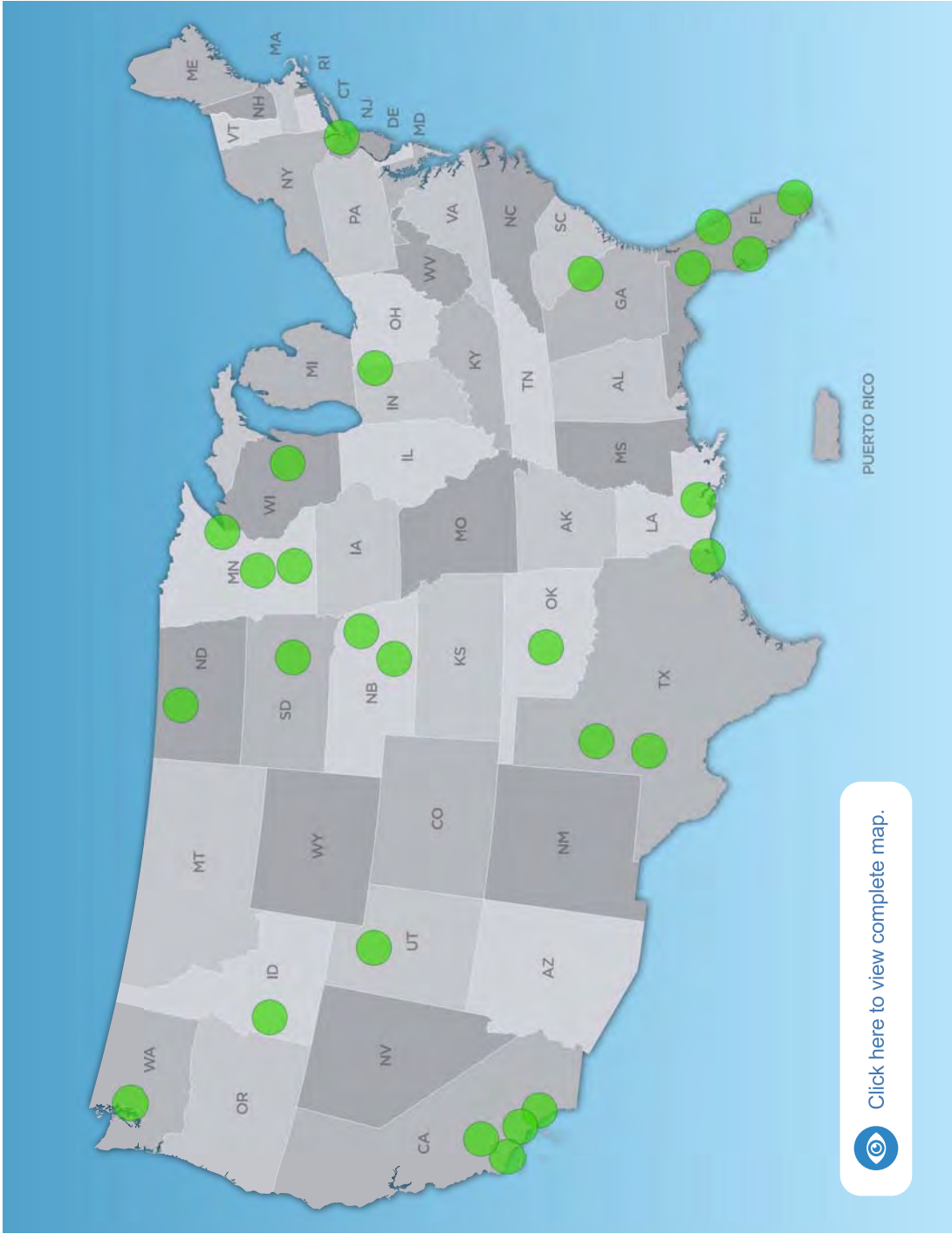
- California**
 - Los Angeles NDC
- Connecticut**
 - Bradley AMF
- Florida**
 - Jacksonville NDC
- Georgia**
 - Peachtree P&DC
- Illinois**
 - Busse P&DC
 - Chicago ISC
 - Chicago NDC
- Indiana**
 - High School RD Mail P&DC
 - Indianapolis MPA
- Maine**
 - Southern ME P&DC
- Maryland**
 - Southern MD Capital Beltway P&DC
- Massachusetts**
 - Boston P&DC
 - Brockton P&DC
 - Middle-Essex MA P&DC
 - Springfield NDC
- Minnesota**
 - Twin Cities L&DC
- Missouri**
 - ST Louis Metro Annex
- New Jersey**
 - New Jersey NDC
- New York**
 - NY Morgan P&DC
 - Queens P&DC
- North Dakota**
 - Bismarck P&DF
- Ohio**
 - Akron P&DC
- Pennsylvania**
 - Philadelphia NDC
- Puerto Rico**
 - DMDU Cantano Annex
- Texas**
 - Dallas NDC
- Virginia**
 - Northern VA P&DC
- Washington**
 - Seattle Priority Mail Annex

Legend

- AMF-Airport Mail Facility
- ASF-Auxiliary Service Facility
- DDC-Delivery Distribution Center
- ISC-International Service Center
- L&DC-Logistics and Distribution Center
- MPA-Mail Processing Annex
- NDC-Network Distribution Center
- P&DF-Processing and Distribution Facility
- P&DC-Processing and Distribution Center

Source: MPV.
Note: This map displays the least efficient mail processing facilities compared to their FY 2019 targets.

Figure 8. Most Efficient Facilities Mail Processing Facilities



California	Nebraska
■ Bakersfield P&DC	■ Grand Island P&DF
■ North Grand DDC	■ Norfolk P&DF
■ Santa Barbara P&DC	New Jersey
■ Van Nuys FSS MPA	■ Northern NJ Metro P&DC
Florida	North Dakota
■ Gainesville P&DF	■ Minot PO
■ Manasota P&DC	Oklahoma
■ Miami P&DC	■ Oklahoma City P&DC
■ Mid Florida P&DC	South Dakota
Georgia	■ Central Dakota P&DF
■ Augusta P&DC	Texas
Idaho	■ Beaumont P&DF
■ Boise P&DC	■ Lubbock P&DC
Indiana	■ Midland P&DC
■ Ft Wayne P&DC	Utah
Louisiana	■ Salt Lake City ASF
■ Lafayette P&DC	Washington
Minnesota	■ Seattle DDC-East
■ Duluth P&DC	Wisconsin
■ Mankato P&DC	■ Wausau P&DF
■ Saint Cloud P&DC	

Source: MPV.
Note: This map displays the most efficient mail processing facilities compared to their FY 2019 targets.

Appendix C. Service Performance Targets

The Postal Service did not meet the majority of its service performance targets in FY 2019. Specifically, it met targets for only five (or 15 percent) of the 33 mail products: Marketing Mail Destination Entry, Destination Sectional Center Facility (DSCF) Letters, Destination Network Distribution Center (DNDC) Letters, Destination Delivery Unit (DDU) Periodicals, and Parcel Select (see Table 9 and Table 10).

Table 9. FY 2019 Market Dominant³⁴ Mail Products Service Performance Scores

Mail Class	Product	FY 2019 Service Performance	FY 2019 Targets	Percentage Points to Target
First-Class Mail	Overnight Presort	95.57	96.8	-1.23
	2-Day Presort	94.15	96.5	-2.35
	2-Day Single Piece	91.94	96.5	-4.56
	3-5 Day Presort	92.05	95.25	-3.2
	3-5 Day Single Piece	80.44	95.25	-14.81
	3-5 Day Surface	90.64	95.25	-4.61
	Presort Letters	93.15	96	-2.85
	Presort Flats	80.98	96	-15.02
	Single Piece Letters	89.29	96	-6.71
	Single Piece Flats	77.56	96	-18.44
Marketing Mail	End-to-End	66.59	91.8	-25.21
	Destination Entry	92.61	91.8	0.81
	DDU	81.47	91.8	-10.33
	DSCF Letters	93.26	91.8	1.46
	DSCF Flats	89.57	91.8	-2.23
	DNDC Letters	93.22	91.8	1.42
	DNDC Flats	90.21	91.8	-1.59

³⁴ Products and services for which the Postal Service exercises sufficient market power that it can effectively set prices with limited competition.

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Mail Class	Product	FY 2019 Service Performance	FY 2019 Targets	Percentage Points to Target
Periodicals	End-to-End	78.14	91.8	-13.66
	Destination Entry	87.92	91.8	-3.88
	DDU	91.91	91.8	0.11
	DSCF Flats	87.9	91.8	-3.9
	DNDC Flats	88.26	91.8	-3.54
Package Services	Bound Printed Matter Flats	54.84	90	-35.16

Source: Informed Visibility.

Table 10. FY 2019 Competitive³⁵ Mail Products Service Performance Scores


Mail Class	Product	FY 2019 Service Performance	FY 2019 Targets	Percentage Points to Target
First-Class Packages	2-Day	████	████	████
	3-5 Day	████	████	████
Priority Mail	1-Day Surface	████	████	████
	2-Day Surface	████	████	████
	3-Day Surface	████	████	████
	2-Day Air	████	████	████
	3-Day Air	████	████	████
Package Services	Express	████	████	████
	Retail Ground	████	████	████
	Parcel Select DDU	████	████	██

Source: Informed Visibility.

³⁵ A category of Postal Service products and services for which similar products and services are offered by private sector carriers.

Appendix D: Management's Comments

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JOSHUA COLIN, PhD
VICE PRESIDENT
PROCESSING AND MAINTENANCE OPERATIONS/A

UNITED STATES
POSTAL SERVICE

June 8, 2020

LAZERICK POLAND
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Draft Audit Report Response – US Postal Service Processing
Network Optimization and Service Impact (Report Number –
19XG013NO000)

Thank you for providing the Postal Service with the opportunity to review and
comment on the subject draft report.

Monetary Impact:
We agree with the general calculations used to determine the potential workhour
savings for the bottom performing sites compared with the national average sites
in Labor Distribution Code (LDC) 11, 12, and 14. However, this calculation does
not account for the top performing sites that performed above the national
average in those LDCs. Many of the sites have local constraints that prevent
them from reaching the national averages for those LDCs.

Following is the management response to the recommendations.

Recommendation #1:
We recommend the Acting Vice President, Processing and Maintenance
Operations, implement best practices identified during site visits to increase
operational efficiency and management oversight nationwide.

Management Response/Action Plan:
We agree with this recommendation. Acting Vice President, Processing and
Maintenance Operations will ensure compliance with the use of Run Plan
Generator (RPG's) by operational floor Managers and Supervisors. The Postal
Service will additionally replicate Lean projects to directly affect messaging of
information to the craft level (i.e. Posting RPG planned volumes, start and end
times at machine work areas)

Target Implementation Date:
July 31st 2020

475 L'Enfant Plaza SW
Washington, DC 20000
202 268-3008

U.S. Postal Service's Processing Network Optimization and Service Impacts
Report Number 19XG013NO000-R20

28

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Recommendation #2:

We recommend the Acting Vice President, Processing and Maintenance Operations, create a program to develop emerging leaders into potential front-line managers and require the participation of all acting managers.

Management Response/Action Plan:

We partially agree with this recommendation. We do not believe it is feasible or reasonable that all acting managers should require training. There are many acting supervisors and managers that are only used to cover for infrequent and oftentimes unforeseen situations. We would like to recommend this be changed to only long-term acting managers only. Acting Vice President, Processing and Maintenance Operations has approved the final completion of two additional development programs and they are set for implementation summer of 2020. These programs include a Manager of Distribution Operations training and Manager Inplant Support training. These are secondary development programs for acting, new and existing managers to improve their knowledge skills and abilities in workroom floor planning and management. They are designed to be a bridge between the Supervisor training program and the Management Foundation Leadership program to more advanced training such as Plant Manager Development (PDM) and the Advanced Leadership Program. Due to COVID-19, class is being converted from classroom to virtual learning.

Target Implementation Date:

September 30th 2020

Recommendation #3:

We recommend the Acting Vice President, Processing and Maintenance Operations, ensure front-line managers use the Run Plan Generator to manage mail processing operations.

Management Response/Action Plan:

We agree with recommendation. The Acting Vice President, Processing and Maintenance Operations has overseen the development of three distinct compliance tracking tools for HQ, Area, District and Plant use that provide detailed performance analysis of RPG actual to plan performance. These tools are developed and housed in an easy-to-access location for all supervisory and management staff and can be printed for workroom floor discussions and posting to craft employees.

Target Implementation Date:

July 31st 2020

Recommendation #4:

We recommend the Acting Vice President, Processing and Maintenance Operations, when the impacts of COVID-19 begin to subside, develop a plan, with milestones and measurable goals, to increase staff availability, including

- 3 -

applying standard operating procedures to address employees out for significant periods of time.

Management Response/Action Plan:

We agree with this recommendation. Acting Vice President, Processing and Maintenance Operations will partner with Human Resources and Labor Management to develop a standard Operating Procedure with Standard Work Instructions to assist the field in addressing employee availability performance.

Target Implementation Date:

September 30th 2020

Recommendation #5:

We recommend the Acting Vice President, Processing and Maintenance Operations, develop an automated system to monitor performance of the integration among processing, transportation, and delivery operations.

Management Response/Action Plan:

We agree with this recommendation. Acting Vice President, Processing and Maintenance Operations has partnered with the VP of Delivery Operations to jointly create a VOP/VAP tool to review performance with an integration between plant, delivery, and transportation operations. These tools have been undergoing an upgrade into our Informed Visibility infrastructure for wide use of HQ, Area, District and facility. These tools provide a daily recap of operational clearance, carrier returns, and transportation between plant and delivery operations. These tools are currently being used for Area and District daily operations teleconferences to drive the partnership and improvement in overall operations.

VAP: <https://vap.usps.gov/db/cfm>

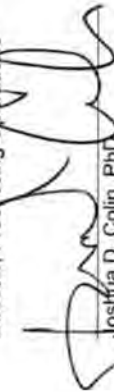
VOP: <https://vop.usps.gov/>

Target Implementation Date:

June 8, 2020 (These tools have already been developed).

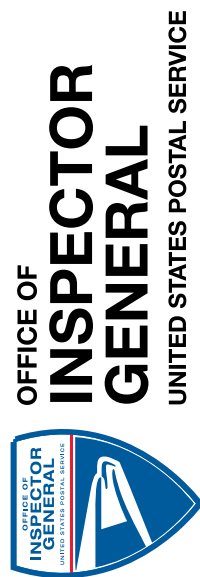
Responsible Official:

Director, Processing Operations



Joshua D. Colin, PhD
Vice President, Processing and Maintenance Operations/A

cc: Corporate Audit and Response Management



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adoulaveris@uspsoig.gov



EXHIBIT 14

Aug. 24, 2020 Final

House Oversight and Reform Committee Holds Hearing on Postal Service Operational Changes

LIST OF PANEL MEMBERS AND WITNESSES

MALONEY:

The--the committee will come to order. Without objection, the chair is authorized to declare a recess of the committee at any time. Without objection, the gentlewoman from North Carolina Ms. Adams, as well as the gentleman from Illinois Mr. Quigley, will be permitted to join the committee and be recognized for questioning the witnesses. In addition, the gentleman from North Carolina, Mr. Walker, will be recognized at the proper time to introduce his constituent. I now recognize myself for an opening statement.

Good morning I--I would like to welcome Postmaster General Louis DeJoy and the Chairman of the Postal Board of Governors Robert Duncan to this oversight hearing, and I thank you all for being here. In all of our districts, we are hearing from constituents about significant delays in the delivery of mail, medicines, food, and other supplies. These delays are especially concerning and potentially life-threatening during the coronavirus crisis. These are not isolated complaints. They are widespread. Our offices have been receiving thousands of calls and emails about the detrimental effects these delays are having on our veterans, seniors, small businesses, and families across the country.

When we asked postal leaders about these delays, they downplayed them; they dismissed them as temporary, they discounted them as minor unintended consequences of reforms being put in place, but then we saw national headlines describing these delays in much more detail. I have a document here that lists headlines from almost every state in the country talking about these delays.

For example, in my home state of New York, I quote mail is delayed 5 to 6 days in New York City Postal Workers Union says end quote. In Kentucky Ranking Member Comer's home state quote postal services cost cutting is frustrating Kentuckians and raising election concerns end quote. In California, the home state of our Vice Chairman Mr. Gomez quote like Armageddon rotting food, dead animals and chaos, at postal facilities amid cutbacks end quote. This list goes on and on.

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Last Friday, when Mr. DeJoy was confronted in the Senate with these widespread reports he said he felt bad about what he called a dip in service, but then after Mr. DeJoy's testimony in the Senate, we obtained an internal Postal Service document entitled PMG Briefing. This is a presentation prepared directly for the postmaster general. It is stated almost two weeks ago, August 12.

According to this document, these delays are not just a dip; this document warns the postmaster general of significant and widespread drops across the board in first-class marketing, periodicals, and other categories. This document shows that these delays are not a myth or conspiracy theory as some of my colleagues have argued.

These steep declines did not start in April or May when the corona crisis hit us, but in July, when Mr. DeJoy came on board and began making his changes. Our entire country is experiencing these delays as a result of Mr. DeJoy's actions, such as his decision to restrict the number of trips from processing plants to delivery units. Perhaps Mr. DeJoy thought his sweeping changes would not cause any delays.

In my opinion, that would be incompetence at best, or perhaps this was intentional; maybe Mr. DeJoy was warned that his changes would cause delays, but he disregarded those warnings. That would be extremely reckless in the middle of a global pandemic with less than three months before an important election, or perhaps there is a far simpler explanation, perhaps Mr. DeJoy is just doing exactly what President Trump said he wanted on national television using the blocking of funds to justify sweeping changes to hobble mail-in voting.

All of these options are bad but when you install someone as Postmaster General after he donates millions of dollars to your campaign, when he rushes to make changes without conducting adequate analysis and when he withholds key information from Congress and doesn't level with us when people begin to ask what in the world is going on, given all of this is not surprising that the Postal Service Inspector General has already opened an investigation into Mr. DeJoy's controversial changes.

We will be asking Mr. DeJoy some hard questions today. We will also be asking Mr. Duncan as Chairman of the Board about his own role in choosing Mr. DeJoy as postmaster general about his own role in vetting Mr. DeJoy for conflicts of interest including Mr. DeJoy's ownership of stock in major Postal Service competitors and Mr. Duncan's own role in allowing these delays to happen under his watch.

Whatever the cause of these massive delays, the American people want to go back to the way things were, they don't want these changes, they want them reversed, they don't want anyone messing with

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the post office, and they certainly don't want it politicized. They want to have confidence that their mail, their medicine, their ballots will be delivered on time. I look forward to hearing from our witnesses, and I now recognize the distinguished Ranking Member, Mr. Comer, for an opening statement.

COMER:

Thank you, Chairman--Chairwoman Maloney. I appreciate going this hearing today on the United States Postal Service even though it would have been nice to do so before we actually voted on the bill Saturday. We all agreed that the Postal Service needs to be reformed to better serve the American people. We all want the Postal Service to be as efficient and effective as possible to ensure Americans receive their prescriptions on time, small businesses thrive, and mail-in ballots are delivered in a timely fashion.

But meaningful reform is going to take bipartisanship something we have seen very little love in the last few days. Democrats fabricated a baseless conspiracy theory about the Postal Service and hastily passed a bill Saturday before hearing from you, Mr. DeJoy. The bill had no prior committee action to vet the bill, no hearings, no markup. Because of this rushed process the bill was significantly amended by the Democrats before it went to the Rules Committee. Then proceeded to the House for under a process that prevented any amendments to the bill. There was no Republican input, not at any step in the process.

Just this morning, we have learned that the U.S. Postal Service opposes the bill that you all passed Saturday. They read the bill and realized that it ties their hands and will make it harder and more expensive to deliver the mail. At least this legislation is consistent with the Obama-Biden years at the Postal Service, more delays, more financial losses.

This chain of events show Democrats are not serious about meaningful reform. The president does not support the bill, the Postal Service does not support the bill and the Senate will likely not take up the bill. This is a political stunt. During Saturday's debate Chairwoman Maloney unveiled a 60-page PowerPoint deck that she had received overnight from an apparent whistleblower. Madam Chair, I don't need to remind you that your and Adam Schiff's record with whistleblowers is less than stellar.

The deck is dated August 12, proving it played no role in the creation of your bill, which was unveiled the day before. That contains delivery to performance data updated since U.S. Postal Service's third-

COMER:

I'm very interested to hear from Mr. DeJoy today about what he has learned about the causes of these delays how much of an effect is the ongoing pandemic and increasing employee sick leave having an U.S. Postal Service's delivery performance? How does that to any temporary growing pains from efforts to make the Postal Service more efficient and self-sufficient?

I say I am interested to hear Mr. DeJoy responses because I do not know the answer to those questions. I don't believe the chairwoman does either. This is why I've repeatedly said, Madam Chairwoman, that this committee is doing things backwards.

When we make policy, it's our job to understand why something is happening. How would you find out why? You would have a hearing on the topic with the postmaster general. When would you have this hearing? Certainly before you passed a bill.

Returning to today, let me say the Postal issues or something I have long heard about a great deal in my rural district. For example, I distinctly remember when the Obama-Biden administration, a mail facility in Paducah was closed resulting in letters that once took a day to get from point A to point B now taking three to four days. And I also heard a lot about the Postal Service from my grandmother who spent her entire career, 27 years as a rural mail carrier.

My heart and sympathies go out to our Postal Service families who have lost loved ones during this pandemic. As her grandson and the congressman representing the 1st District of Kentucky and as a ranking member of this committee, I want to see the Postal Service returned to being a viable institution. But I am disappointed at the hysterical frenzy whipped up around this issue by my colleagues on the left and their friends in the media.

Let's look at the most often repeated claims again. Does the Postal Service need a bailout in order to survive through November? No. Mail volume has declined but package delivery has shot through the roof increasing USPS revenue by \$1.5 billion. It has nearly \$15 billion cash on hand and can operate until at least August of 2021.

Next question, is the postmaster general sabotaging the election by removing blue Postal boxes and mail sorting machines? No. The Postal Service has more than adequate capacity to handle the vote by Mail. If everybody in the U.S. requests and since their ballots via Mail, dust still less than one days'

average volume. The blue boxes and mail orders were both components of longstanding programs in response to significant reduction in mail volume. Thirty-three percent reduction over the past 15 years.

For reference, under President Obama, approximately 12,000 blue mailboxes were removed and we didn't hear one word from the other side when he did that. The mail orders were on track to be removed because they were sitting idle simply taking up floor space for more productive activities.

Is the Postal Service telling states they won't be able to deliver ballots on time? No. What the Postal Service is doing and has for years is trying to warn states there vote by mail laws don't take into account what the Postal Service can and cannot do. USPS can treat ballots as at first class mail or better than first class mail, but they cannot break the laws of time and space. The letters that Democrats characterized as threats and propaganda are good faith efforts to prevent weeks of uncertainty and confusion such as what happened very recently with Chairwoman Maloney's race.

And the charges about overtime, those came from an effort to reduce billions of dollars in overtime and extra truck trips the Postal Service spends every year. If overtime and extra truck trips are normal--are a normal everyday part of your business operations, it means something's wrong and you better fix it.

On Friday before the Senate Homeland Security Committee hearing, Mr. DeJoy acknowledged the recent dip in service. He took responsibility for this performance lapse. The logical step is to understand why this happened and come up with a plan. Even though your bill would prevent that, Madam Chairwoman, I hope that today helps in that process. I yield back.

MALONEY:

I thank the gentleman for his statement and I ask unanimous consent to place in the record the service performance measurement postmaster general briefing, an official report from the post office data research, facts. And in this report, the facts speak for themselves and they show that under the first two months of the postmaster general's work, the service fell anywhere from 6 to 10 percent in all the major categories.

My bill merely funds the post office and returns it back to the way it was so that the services can get the mail out to the people during the pandemic and before a very important election. After the pandemic, we can revisit and have other--other statements and work go forward, but let's not dismantle the

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services to the American people, the veterans, the seniors. People deserve to get their mail in a timely way and most districts are having people calling frantically, where is my mail, where is my medications?

So facts speak for themselves. I'm placing this into the record. I now recognize the distinguished chairman of the Subcommittee on Government Operations who has done a great deal of work in this area, Mr. Connolly for an opening statement.

CONNOLLY:

Thank you, Madam Chairwoman, and thank you for your leadership. I was proud to cosponsor your bill that passed the bill with 26 Republicans showing the courage to address an emergency with respect to the most esteemed institution of government in America. We have an obligation constitutionally to ensure that something that's been part of the American fabric since 1775 has a future.

The Postal Service is not only fighting for its economic survival, it's fighting to maintain 120 years of professional, professional service rid of rotten patronage systems that serve elected officials and not those who rely on mail every day. We are here today to save the Postal Service. We have in front of us a newly appointed postmaster general and the chairman of the board of government governors that selected him for that post.

We have a PMG who six weeks into the complex and awe inspiring new job in the midst of a global pandemic and just weeks before a consequential national election where the Postal Service will play an unprecedented role decides to announce a sweeping reorganization that he admits could slow down mail and will undoubtedly infuse uncertainty and confusion throughout the Postal Service and into our neighborhoods all across America. He announces these and other abysmally unsupported changes without engaging staff, unions, trade organizations, mailers, mail recipients, or Congress.

In fact, Congress was told Mr. DeJoy did not yet feel prepared to respond to any questions we might have for him. Yet, he felt confident enough to breeze overtime, delay mail delivery, and announced sweeping reorganizations. And Mr. Duncan, congratulations on being the rubber stamps. The Postal Service Board of Governors is required by law to represent the public interest, not the president, not a political party or not even the postmaster general.

Today, the Postal Service employees (PH) at 650,000 people. It's the foundation for more than \$1.7 trillion mailing industry that employs another 7.5 million people. But at the turn of the last century, the U.S. post office was nothing more than 77,000 patronage positions rife with growth--gross incompetence and often embezzlement of funds.

It was rural America that used its political voice at that time to professionalize the post office. Instead of traveling miles to the closest general store to pick up mail from a sycophantic political hack, rural residents lobbied Congress en mass for rural free delivery, an innovation that brought mail delivery to even the most distant of homes and businesses.

The massive grassroots lobby effort brought those with acumen and expertise into the post office and refocused political leaders on what they were elected to do, serve the people, not their political parties. As a nation, the people transformed the Postal Service--I mean, the post office into the Postal Service.

This history lesson resonates today. Yet another reckoning for this country in the Postal Service, here again the people of the nation had stood up loudly and consistently to condemn attempts to turn a crown jewel of our federal government, by far the most trusted agency among the hundreds that serve this nation into a spoiled systems' honey pot. We cannot and must not let that happen.

During this pandemic, the Postal Service is a lifeline to the delivery of life saving prescription medications, medical equipment, food and pantry staples, stimulus checks to pay rent and utility bills, census forms, and even simply coupons to help struggling families stay out of poverty. What leader would think that even the possibility of slowing down mail in a time such as this is a good idea? What leader would take steps to freeze overtime for a workforce literally--

CONNOLLY:

--risking its' life every day to deliver mail to the people of this nation. Forty thousand postal workers have contracted COVID-19 or been quarantine because of it, Forty thousand. As the new PMG, Mr. DeJoy as recklessly cut hours delayed delivery times in the pursuit of unsupported operational efficiencies. He's never once asked Congress to help despite a team of members ready to provide financial and other support.

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The chairwoman and I, along with a collection of hundreds of members, have been fighting to provide the Postal Service with \$75 billion in support to pay overtime and hazard costs to the dedicated workforce, to invest in a modernized and green postal fleet that doesn't explode, to pay for information technology investments that can streamline communications from trucks and planes that are running late with important cross county or international mail deliveries.

Mr. DeJoy and Mr. Duncan that failed to work with Congress to get this enacted. Thus far, the passenger service airline industry has received \$25 billion in revenue stabilization; the Postal Service, not a dime.

On August 18, the PMG announced he would put a hold on some of the sweeping operational changes, but his announcement did not commit to reversing the cuts to service and capacity already made. It did not include an agenda to support election mail that demonstrates a commitment to helping the Postal Service fulfill its historic role in the upcoming election. And lastly, the PMG is still not advocating for the additional funding for the Postal Service, despite the fact that it--the Republican-controlled, Trump-appointed Board of Governors unanimously called for that package; not a Democratic idea, a Republican dominated board unanimously recommended it.

The recent operational and organizational changes Mr. DeJoy has made have resulted in delivery delays across the country, as the chairwoman just showed. And those aren't our datas. That's yours, Mr. Postmaster General. These delays have a real impacts on real lives with real consequences. Most devastatingly, they damage the Postal Service's credibility in a very brief time. Congratulations, Mr. DeJoy, an esteemed institution that now is in doubt in the American public's mind.

I applaud my colleagues in the House for passing the Delivery for America Act Bill because we need to act now. We need to reverse this. We need to reassure the American public that they will get their mail on time and that their ballots will get there on time and be counted. This is about the future of our democratic institutions. This is the future, about the most important election in my lifetime. That's what's at stake today. I yield back.

COMER:

Madam Chair?

MALONEY:

COMER:

I'd just like to make a point that you didn't notify our committee that Mr. Connolly as ranking--or as chairman of the subcommittee would be delivering opening remarks. That's another example of this rushed process. But I would like to ask that our ranking member of Mr. Connolly's subcommittee also be allowed to deliver opening remarks.

MALONEY:

Absolutely. The staff told me they reach out to you and your staff. It's general(PH) that the subcommittee that has the jurisdiction should speak on both sides. I have in my notes that Mr. Hice will be--who is now the ranking member on the subcommittee of Government Operations will also be giving an opening statement. And I was told that they did reach out.

In the future, I will personally call you myself--

COMER:

--Thank you--

MALONEY:

--And make sure it gets to you. I was told by staff they talked to your staff, that they had reached out to you. If that did not get to you, then I apologize. I will--I will personally call you every time. But it is usually the standard that we make an opening statement and the subcommittee with the jurisdiction makes an opening statement.

COMER:

I agree, and I appreciate the chairwoman doing that. That's, again, important, why we need to be prepared and not rush things like we have this postal reform bill.

CONNOLLY:

Madam Chairwoman?

Yes, Mr. Connolly?

CONNOLLY:

If I can come to your defense, it has been your practice as chairwoman that when it is the jurisdiction of the subcommittee, you have always allowed the subcommittee chair and the ranking member to have opening statements. That's practice. It's not something you sprung on us today. And I--I can(PH) think of at least four examples, Mr. Raskin is one, Mr. Rouda is another, and their ranking members. So, it's--it's actually the practice of the committee under Chairwoman Maloney to do just that.

COMER:

And, Madam Chair, if I may, I--I agree that his practice. We just weren't notified and it wasn't on the agenda item that--that we received. But we appreciate that. And Mr. Hice, it's my understanding, is prepared to deliver an impromptu opening statement.

MALONEY:

Okay. First of all, I want to thank Mr. Connolly for pointing that out, and also pointing out the double standard that businesses such as the airlines and others are receiving federal aid in the--in the HEROES package and the COVID relief package. But the vital services from our post office that so many people depend on, a lifeline to Americans across America, they delay--deserve to be funded too.

I now recognize the distinguished subcommittee chairman, Mr. Hice, for Government Operations for an opening statement. And you're recognized, Mr. Hice.

HICE:

Thank you, Madam Chair. I appreciate that. And, yes, we were not notified of this, but I'm happy to take a few moments. Again, here we are having a hearing after a vote. I think this is absolutely disgusting. Certainly, we have had many votes without bothering to have a hearing, but I don't ever recall having a--a vote to so-called fix something and then have a hearing afterwards. This is unprecedented and, again, to me, I believe is an example of political malpractice on the side of the Democrats.

We are here to talk about the Postal Service. And Madam Chair, I'm glad you brought up the HEROES Act because in itself, in the HEROES Act, I believe is the unveiling of what the Democrats are really trying to do. And that is themselves to fraudulently influence the upcoming election. I

In the HEROES Act is a requirement for universal mail-in ballots. In the HEROES Act is a requirement that vote--that states cannot be involved in requiring voter ID. And so, we're going to have tens of millions of ballots sent out all across the country to many people who perhaps are deceased, to people who have moved, to people who knows who they are, and states are not going to be able to have any voter ID if the Democrats have their way. And then we're going to have the mail--the ballot harvesting take place.

The--this is what's--this is what's at stake. And I agree with Chairman Connolly saying that this is the most important election. This is what's at stake. And if the Democrats have their way in this election, it will be filled with fraud. It will be filled with confusion. It will be filled with lawsuits because that's what is in the HEROES Act to produce if the Democrats have their way. And thankfully, that bill is not going anywhere, any further than the bill that was passed Saturday before the hearing.

Then we talk about delays at the USPS. Well, we haven't even had hearings on the USPS since, I believe, it was April 2019. And now all of a sudden we are called in for an emergency over this whole thing. We had a briefing in April of this year, not a hearing. It was a briefing. And the purpose of that briefing was to discuss the delays at the Postal Service due to COVID-19. And yes, there have been delays. And yes, there are thousands of USPS workers who are not showing up for work due to COVID-19. Are we surprised that there any delays? Of course not. We had a briefing to discuss that just a couple of months ago.

The--the postmaster general has nothing to do with COVID-19, had nothing to do with it coming, nor does he have anything to do with thousands of his workers not showing up. We also have cities that are rioting. Of course there is delays in many of those cities, be it Minneapolis or Portland or Chicago or LA or wherever it may be.

The fact of the matter is the bailout that passed on Saturday in the House of Representatives is pointless. It refuses the opportunity to have any reforms. And so, we have a Postal Service right now that has \$14 billion cash on hand, another \$10 billion available to them with the Treasury, and--and they can even get access to the \$10 billion because they have too much money cash on hand. And yet, we pass a bill for another \$25 billion, and in that bill we disallow them from making any changes.

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It doesn't matter how much money we keep throwing at the--at the Postal Service if we don't allow for reform to take place, which is what is desperately needed. So, with that, I--I do look forward to this hearing going forward.

I fully anticipate a lot of political theater from my friends on the opposite side of the aisle. I do anticipate the continued attempt to portray a conspiracy that does not exist when in fact it is their own party that I believe are fully committed based upon the HEROES Act and other comments to influence this upcoming election using fraudulent methods and with that Madam Chair I will field back and I appreciate you giving me the opportunity to speak.

MALONEY:

(INAUDIBLE) I now recognize Mark Walker to introduce our first witness who is a constituent of Congressman Walker's

WALKER:

Thank you Madam Chair Maloney and Ranking Member Comer. It is my privilege to introduce Mr. Louis DeJoy, the Postmaster General of the United States. Mr. DeJoy has earned the respect about charitable and business communities.

Since its creation in 2005 the (INAUDIBLE) family foundation has positively impacted thousands of people. Duke University, the Health Center for Children, police foundations just to name a few. I was actually present when Mr. DeJoy was inducted into the hall of fame for the Triad's Junior Achievement Business Leaders, the world's largest organization educating K-12 students on financial literacy and entrepreneurship.

Just this past week I received in the mail the family contribution, the sponsorship of family services of the Piedmont(SP) which serves 18,000 children and adults many of those battling domestic violence issues. It may be the most impressive act by this family is the one established for students from title--from title I schools. The scholars program at Elon University. You see I have had the opportunity to meet some of the students who come from some of our most impoverished areas. It's not something Lewis flaunts, it's just something Kate does.

Throughout his professional career Louis DeJoy has garnered a reputation as a genius in the logistical innovation and supply chain field as the CEO of New Breed Logistics he took a broken trucking

company from New York to North Carolina and transformed it into a prominent U.S. provider in contract logistics creating close to 9000 jobs.

Maybe that's why he was unanimously appointed to the position by the UPS, USPS bipartisan Board of Governors. Mr. DeJoy has been on the job about two months but he's being blamed for implementing reforms Congress has passed.

For example back in 2006. It wasn't Mr. DeJoy who pass the Postal Accountability and Enhancement Act, it was actually Congress. The leading sponsor on this bill, he's the one with the biggest picture in the room former chair of this committee Henry Waxman. Today Mr. DeJoy will be viciously attacked with prepackaged questions and false accusations one member even suggesting impeachment. That's original.

How sad is it when the cancel culture has reached the halls of Congress? The man sitting before this committee today is not who the Democrats have villainized him to be. He is here today because he supported President Trump and with this Congress that makes you a target. Over the past month the DeJoys have endured protests outside his home with hundreds of people blocking streets and frightening their neighbors.

Sadly in this day and age and industry leader with a passion for service can be persecuted in the court of public opinion for his apparent political affiliation. As the circus unfolds today remember that Louis DeJoy is a community minded philanthropist, and industry leading businessmen and most importantly a man with a good heart doing his best to serve his country. Mr. DeJoy I want to commend you for being here today.

Many of your accusers didn't extend the same courtesy but unlike the senator from Delaware let's hope they at least know how to mute themselves. Thank you Madam Chair. I yield back.

MALONEY:

Thank you. Our second witness is Robert Duncan who is the chairman of the Postal Services Board of Governors. He was appointed to the Board of Governors by President Donald Trump in August 2018 and his term expires in December 2025. Please stand and raise your right hands.

Do you swear or affirm that the testimony you are about to give is the truth, the whole truth and nothing but the truth so help you God? Let the record show that the witnesses affirm this in the

affirmative and without objection your written statements will be part of the record. With that Mr. DeJoy you are now recognized for your testimony.

DEJOY:

(INAUDIBLE) good morning, Chairwoman Maloney, Ranking Member Comer, and members of the committee. I am proud to be with you today on behalf of a 630,000 dedicated women and men of the United States Postal Service. On June 15 I became America 75th postmaster general. Since that time for a variety of reasons there has been a great deal of attention to the Postal Service by our elected officials, the media, and the American people.

I want to begin by sharing this committee on the American public that the Postal Service is fully capable and committed to delivering the nations ballot securely and on time. This sacred duty is my number one priority between now and election day. To be clear we will do everything we can to handle and deliver election mail and a manner consistent with the proven processes and procedures that we have relied upon for years. Nevertheless I encourage all Americans who choose to vote by mail to request their ballots early and to vote early as a commonsense best practice.

As part of this conversation there are many inaccuracies about my actions that I wish to again correct. First I did not direct the removal of blue collection boxes or the removal of mail processing equipment. Second, I did not direct the cut back on hours at any of our post offices and finally I did not direct the elimination or any cutback in over time. I did however suspend these practices to remove any misperceptions about our commitment to delivering the nations election mail.

Any further assertions by the media or elected officials is furthering a false narrative to the American people. Let me describe the two actions I have taken in 70 days since my appointment. I came to the Postal Service with decades of experience in solving large and complex logistical problems. I plan to use this experience to help lead the operating change required for the Postal Service to grow and embark on a path of sustainability.

On the day of my swearing in the Postal Service Inspector General issued an astonishing report about the schedule delays in Postal Service transportation and a substantial cost associated with our weaknesses in this fundamental operating principle. Upon review I directed the Postal Service operations team to develop and execute on a plan to improve our adherence to the transportation schedule of our over 40,000 trips a day.

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We have accomplished this goal. As our on-time departures are approaching 98 percent and wasteful extra trips are down by over 70 percent. While we have had temporary service decline which should not have happened we are fixing this. In fact last week service improved across all major mail and package categories and I am laser focused on improving service for the American public.

The second of two changes I made as Postmaster General is installing a new organizational reporting structure to better align talent and resources to instill greater credibility for performance and to focus the organization on service and growth. These two changes creating our new on-time transportation network and designing and engage functional organization structure will be the catalyst for significant improvements and costs, performance, and growth that I plan for this vital American institution. Madam Chairwoman, the women and men of the Postal Service have demonstrated extraordinary commitment to our mission of service throughout the COVID-19 pandemic.

In every community in America we continue to work to keep our employees and customers safe as we fulfill our essential role in delivering the medications, benefit checks and financial statements the public depends upon. Since the beginning of a pandemic there has been a public outpouring of support for our postal employees as they perform their essential service throughout the nation. This is a well-deserved testament to their dedication.

Chairwoman Maloney, Ranking Member Comer I hope we can agree that the financial state of the Postal Service is unacceptable and needs to be fixed. I look forward to working with you in this committee and our stakeholders to restore the financial health of United States Postal Service and to improve the way we serve the American public. This concludes my remarks and I welcome any questions that you and the committee may have. Thank you.

MALONEY:

Thank you very much for your testimony and we will now recognize Chairman Duncan. You are now recognized for your testimony and he will be appearing remote. Chairman Duncan you are now recognized.

DUNCAN:

Thank you. Chairwoman Maloney, Ranking Member Comer, and members of the committee, thank you for inviting me to speak today. My name is Mike Duncan and for the past two years, I've had the honor of serving as the chairman of the United States Postal Board of Governors.

Throughout my life, I've looked for ways to help and strengthen and support institutions that are important to American communities. That's why I spent five years on the Tennessee Valley authority board, why I served on Alice Lloyd College, why I served on numerous boards and commissions in Kentucky and on a federal level.

When I accepted this position, I did so because of my average admiration for the United States Postal Service and its public service mission. I spent my life in rural Appalachia and I know how important the Postal Service is in communities like mine. I also know the Postal Service provides important jobs to more than 630,000 Americans, which at one time included my own grandfather who delivered mail by horseback in East Tennessee.

Since I joined the board, I've made it a point to get on the road, to visit Postal facilities, took meeting workers, speak directly with our customers, union members, union leaders. These conversations have only deepened my understanding for and of the importance of the Postal Service. Serving on the Board of Governors at this institution is a significant responsibility. The governors by statute represent the public interest. That means I'll always remember it's a special role in our nation. And it means I can never forget the challenges that are putting us at risk.

These challenges should come as no surprise to the members of this body. On two occasions, I've sent you the Postal services annual report to Congress. In each of those communications, I wrote that "The Postal Service business model is broken and will only produce widening losses in the coming years absent dramatic change."

Last fall, Postmaster General Megan Brennan notified the board of her impending retirement. In response, the board immediately recognized that we would be faced with the most important decision we would make as governors, the selection of a new postmaster general.

The board agreed that the Postal Service would benefit from a transformational(PH) leader, one who could help us build upon the inherent strengths and confront its longstanding challenges. The Postal Service is an amazing institution and we can do a lot to make it better. But we are unable to fix our broken business model work control our own (INAUDIBLE) without the help of Congress or the Postal Regulatory Commission.

What we can do is increase our efficiency and cut down on unnecessary expenses. We can also focus on marketability and modernization while reducing some expenses. Business as usual is not an

option. It's for these reasons that after an organized, deliberate, and the road search process, the board selected Louis DeJoy to serve as our 75th postmaster general of the United States.

He's the 5th postmaster general since 1971 to join the institution from the private sector and we believe the private sector experience that he has will be an asset to identify ways to improve the Postal Service. In addition, Mr. DeJoy has decades of experience in improving and managing sophisticated logistic chains, a fortune 100 company, and as a major contractor in U.S. Postal service for more than 25 years. He has a deep knowledge about the institution and how it can be strengthened.

Like the postmaster general, the board has confidence in the Postal Service's ability to perform for the American people in this election season. Five years from now, the United States will celebrate the 250th anniversary of the American Postal Service. Throughout our nation's history, this institution has delivered for the American people. Now we have a sacred responsibility to preserve, defend, and strengthen this organization for generations to come.

Thank you for your time. I appreciate the opportunity and look forward to your questions. Thank you.

MALONEY:

Thank you for your testimony. I now recognize myself for questioning. Mr. DeJoy, we have all been flooded with concerns and complaints from our constituents about the delay in the mail. And in the vote on my bill, Delivering for America on Saturday, 26 Republicans voted with us and they expressed the same concerns.

People depend on their mail for their medications, for business, for keeping in touch with their families. It's critically important. And we've seen headlines across this nation from many, many states, headlines, major news from our states about the delay in the mail. It's been said it's a major institution in our country. People depend on it.

And over the weekend, we obtained this internal document and it is dated less than two weeks ago on August 12 and it's entitled Service Performance Measurement for the PMG Postmaster General Briefing. Now, your office already confirmed to my office that this document is authentic. So let's go through a little bit of it now.

This document clearly shows major degradations across the board beginning in July when you started your changes. Here is the document for first class mail. And overall, it is down an astonishing 8.1 percent from the baseline before your changes for the past two months beginning in July. Now, the

second one, the next slide is the marketing mail, and that is down a stunning 8.42 percent. Now, the next, and it's on the wall where you can see it better, the next periodicals, and that is down almost a 10 percent down 9.57 percent.

So Mr. DeJoy, you and your aides have repeatedly downplayed these delays. You just downplayed it in your testimony. But this is just a disaster for the people who need their mail, don't you agree?

DEJOY:

(OFF-MIC)

MALONEY:

Would you turn on your mic? We can't--we can't hear you. Thank you.

DEJOY:

We are very concerned with the deterioration and service and are working very diligently. In fact, we were seeing a big recovery this week. And in fact, that report, I requested that report be put together. Oddly enough, we didn't have measurement briefings at the executive level like this before my arrival. With--the whole executive team was involved in looking at with the underlying circumstances were and we're focused on fixing it.

We've seen a nice--we're starting to see a nice recovery and we will have it back to--my goal is to get it, you know, to a high--we were not meeting metrics before with this change, this fundamental change. We will--we have a real good shot of getting to these stated metrics that we our supposedly governed--you know, governed by.

MALONEY:

Well, it you just testified that you've been on the job 70 days. So this is essentially your report card for that period of time. If any other CEO had this kind of plummeting record in his first two months on the job, I can't imagine why he would be kept on.

DEJOY:

That's an unfair accusation.

When you--when you--may I continue? When you testified on Friday, senators asked you over and over about the status of these delays. They also asked you to produce analysis about that negative impacts of your changes. It would have been easy to mention to the senators that this document existed, you could have said as a matter a fact, senator, I just received a detailed briefing and unfortunately, the data shows major delays in nearly all categories. But you didn't do that.

You dismissed these nationwide delays as "A dip," and you refused to turn over any analysis. So my question is, why didn't you disclose this document and any analysis to the Senate when you had it and they were asking for it?

DEJOY:
They asked me for it on Friday. They asked me for an analysis on my decision, A--I--I--

MALONEY:
--Of the delays. Of the delays. I watched the testimony. They wanted analysis why are there all these delays.

DEJOY:
Well, there's a lot of reasons for delays besides just my--

DEJOY:
--my--the action that I took to run your trucks on time. There are other reasons for the delays in the nation.

MALONEY:
Well, I would say running trucks on time would probably increase delivery. But for some reason, it back to 5 to 6 days--

DEJOY:
--Oddly enough--

--Into the district that I represent so reported.

But Mr. DeJoy, on August 14th, this committee sent you a 10 page letter, along with the chairs of ranking members of three other committees, and we asked you to produce all communications, and I'm quoting from the letter, "all communications, evaluations, assessments, or reports regarding mail left behind are delayed as a result of these new policies that you instituted."

We asked for these documents by Friday. And on Friday night you did produce some documents to us, but you did not produce this one. And so my question is, why did you leave this important internal document from the postal professionals that was delivered to you and briefed to you two days before the Senate hearing? Why did you--why did you leave it out?

DEJOY:

I--I--I'm not familiar with the--with the request in total or how we--we--we supported it. I'm sure the staff answered the questions as they were asked.

And let me just for the record clear up, I did not--that is not a policy change. That is a request that we run our 40,000 trucks a day on schedule. And your--your intuition is right. My--you would think that the mail moved faster, and it did. A good portion of it moved faster, right? We've also--I was sitting there looking at a report that--that talked somewhere between \$1 billion and \$3 billion worth of cost wasted on our--our truck trips being out of schedule. It was an easy request, and I--I--I spoke with every senior executive--

MALONEY:

--Well, my time--

DEJOY:

--In the organization about the change--

MALONEY:

--My--my time--time is limited. And then I'm--I'm concerned why we didn't receive any of this information. And I have to just to say that, Mr. DeJoy, we sent our letter two days after you received

There's absolutely no excuse for concealing it and withholding this information from the committee or from your testimony before the Senate when you are expressly asked questions about the information in the document. And unfortunately, this committee received it from someone else. So, Mr. DeJoy, you're withholding information from us, concealing documents, and downplaying the damage that you're causing.

So, let me close with this. This committee expects a full and complete production of all the documents we requested no later than this coming Wednesday. And if you continue to withhold information or otherwise fail to comply, you can expect a subpoena.

Now, I know many of our members plan to ask about how you intend to fix the problems, the problems you created, and reverse these horrible trendlines. So, we will get to those questions next. Without--with that, I now recognize the distinguished ranking member for five minute--for--for his questions. Virginia--he is saying that Virginia Foxx will be the first to respond, Virginia Foxx from the great state of North Carolina.

FOXX:

Thank you, Madam Chairman. Madam Chairman, I do note that you're--you're going over time a great deal.

But Postmaster General DeJoy, thank you very much for being with us today. Some claim the expedited discrete afternoon sortation pilot and your changes are deliberative efforts to slow down mail and heard Postal Service employees. Is that true?

DEJOY:

No, ma'am.

FOXX:

Are you banning employees from train--from charging over time or are you trying to limit unplanned over time to ensure the Postal Service's liability?

DEJOY:

FOXX:

Thank you. Postmaster General DeJoy, as a logistics expert, and I believe that Representative Walker outlined your expertise very well, what does the consistent use of unplanned over time and the need for extra trips mean in terms of the efficiency of operations?

DEJOY:

Well, besides costing substantial amounts of money, you know, for the--for the Postal--for the Postal Service in terms of billions of dollars, it is also the--does not keep the system--the delivery system in balance, which also results in late--delays in mail and an--an equilibrium in--in our production processes across the whole network.

FOXX:

Can more efficient on-time operations result in better delivery performance?

DEJOY:

Absolutely.

FOXX:

And does unplanned over time hinder the Postal Service's ability to stay financially viable?

DEJOY:

Absolutely.

FOXX:

You know, my husband and I have experienced some very, very inefficient services on the part of the post office in the last few weeks. I'm not going to go into those details. But I want to applaud your approach to accountability. And what we know from our colleagues on the other side of the aisle is they run away from accountability in every case in the federal government or in Allied services like the post office. So, let me applaud you for pushing on accountability.

Mr. DeJoy, as we are all aware, the post--Postal Service is not a government agency that receives appropriations. In fact, it is law. The Postal Reorganization Act of 1970 created the U.S. Postal Service as an independent and self-sustaining entity. Postmaster General DeJoy, do you believe it is your duty to uphold this law and ensure that the USPS is self-sufficient?

DEJOY:

I do.

FOXX:

And what will it take to make the USPS self--self-sufficient?

DEJOY:

Legislation with regard to our health--healthcare been--Medicaid integration in our pension reform, flexibility from the PRC, at least have--get a decision from them. We're--we're in the 14th year of a 10 year analysis.

The Postal Service itself, there's a library of--of OIG reports identifying flawed practices and billions and billions and billions of dollars of cost waste that this committee--no--nobody seems to pay attention to. And then the Postal Service, our management team itself delivering--you know, helping fix ourselves, both in terms of service and--and--and cost. And we have a plan now to do that, and part of it includes running our trucks on time.

FOXX:

And--and these OIG reports have come from Democrat presidents and Republican administrations both, is that correct?

DEJOY:

Yes, ma'am.

FOXX:

Thank you. If you have no operational flexibility, can you possibly make the Postal Service self-sufficient?

DEJOY:

I think we have a very, very good shot. We have some new revenue ideas for the--for the--for the Postal Service also. And we have it--you know, we're be--beginning to finalize the plan. I need to brief the--the--the board. But I'm very, very excited about the management team under our new org--new organizational structure. I'm excited about the--the dedication of the 650,000 men and women.

And I think we are--can embark upon, with a little help from this Congress, a--we--we're about to embark upon some significant exciting future for the Postal Service. I believe in the six-day delivery. I think the--the carrier is--or the carriers--our postal carriers' relationship with the American people is what--is the most important ingredient in giving us the approval rating that we have. And we have plans to--to really enhance that--that relationship and to help our growth.

FOXX:

Well, again, I want to thank you for bringing your expertise to become the postmaster general of the United States. You have the exact background that we need and the commitment that we need to make the post office work the way Americans wanted to work. Thank you, Madam Chairman and Ranking Member. I yield back.

DEJOY:

Thank you.

MALONEY:

Thank you. I now recognize Congresswoman Norton--Congresswoman Norton by WebEx.

NORTON:

Thank you very much, Madam Chair. This test--this hearing is very necessary to clarify matters that were left open when we took the vote already on this bill. Mr. DeJoy, in your testimony you suggested that the coronavirus was having and here I am quoting a significant--(INAUDIBLE) significant issue employee of availability in many, many parts of the country.

even more necessary to postal employees staring best national emergency during this pandemic with so many people at home and given what you have already testified to him about the significant issue in employee of availability across the country?

DEJOY:

Thank you.

NORTON:

Why wouldn't over time be necessary to make up for all of that?

DEJOY:

Thank you, ma'am. On--on this--since I have been here we have spent \$700 million in overtime. The overtime rate before my arrival was at 13 percent with the new organization it is still at 13 percent. As I said in my opening statement this is a continued misinformation regarding what I did since I have gotten there. I have never put a limitation on overtime.

NORTON:

Well, that is very important testimony Mr. DeJoy because in some states we are seeing 10 times the normal volume of mail and I would like to ask about additional resources two weeks before the election. Is expanded allowance of over time one of the items under consideration when you have already announced you would bring quote additional resources to bear in two weeks before the election? Does that include expanded over time and wouldn't it have to?

DEJOY:

It--yes--yes, ma'am, it does. We will--the 650,000 men and women of the Postal Service are very committed to having a successful election and our role in the election. Over time, extra truck trips, postal inspection checks route rounds in each postal processing facility.

NORTON:

Mr.--Mr. (INAUDIBLE) that is very important, that is very important for the record that expanded over time will be allowed in the two weeks before the election. My--my next question is on a PG Postal

I am quoting now, the document entitled PMG expectations and plan. Over time will be eliminated there you see it before you. Again we are paying too much for over time and it is not cost-effective and soon will be taken off the table, more to come on this. We--we ask your general counsel and he claimed that that came from a mid-level manager and should not be treated as an official statement of postal office policies so I ask you would a postal managers send this document without some kind of word from you or from the top of the agency? And can you explain who this was and give us the name of the manager?

DEJOY:

I--I have--might thank you. I have purposely not tried to find out who that was but there are many ways that people interpret--

NORTON:

You have tried not to find out who that was?

DEJOY:

That is right. I don't know. That was not a directive from me. There is 600--there's 50,000 managers within the organization. This was one of the reasons I'd change the organization quickly after the rollout of the truck schedule. There was very, very confusing--might

NORTON:

So (INAUDIBLE) are they looking for whoever it was that jumped ahead of you and--and issued that to all of your--

DEJOY:

(INAUDIBLE)

NORTON:

--employees?

DEJOY:

Absolutely.

NORTON:

I wish you would give that name when you find it to the chair as well. In a statement on August 18 you stated overtime has and will continue to be improved--bank approved as needed. I want to understand as needed what that means. Can postal managers and employees continue approving and using overtime as they did before your tenure began or are there any changes you sent you took office?

DEJOY:

Same as from prior to me being here.

NORTON:

Have you issued any internal guidance to that effect and would you provide it to us please?

DEJOY:

I am sorry. I didn't hear the question.

NORTON:

I asked have you issued any internal guidance to that affect that the employees can continue to approving--can continue to improve and use overtime?

DEJOY:

I never issued a guidance against that affect but everybody at the--

NORTON:

Are you intending to issue in a guidance to the effect?

DEJOY:

Yes, I have told the executive team, the operations team they--they know there is no different process than prior to my arrival.

Okay. The gentlewoman's time is completed.

NORTON:

Madam Chair can I just ask that he provide us or provide you any written guidance on overtime--

MALONEY:

Okay.

UNKNOWN:

Time.

NORTON:

(INAUDIBLE)

MALONEY:

I--I make that request on behalf of the committee. I now recognize Mr. Gosar--Congressman Gosar.

GOSAR:

Yeah, can you hear me and see me?

MALONEY:

Yes, we can.

GOSAR:

Okay, thank you.

MALONEY:

We can hear you but we don't see you. There you are.

GOSAR:

Okay. Mr. DeJoy thank you very much for coming today and I want to clear up some obvious political misinformation that the majority is actually putting out and then I also want to say thank you very much for acknowledgment of the different services but we will get to that in a few minutes.

On Saturday on the House floor my colleagues said the post office are on the verge of collapse but that is not true. You have over \$10 billion cash on hand and access to a \$10 billion line of credit which makes you fiscally viable through August 2021. Is that true Mr. DeJoy?

DEJOY:

Yes, but I would say that only Washington DC would that be a good position to be in when I have \$135 billion in liabilities a \$2.5 billion a month a week bi-weekly payroll and a whole bunch of others but yes, we can get through the election and with--with the loan should we--should we take it but I don't know how we would pay it back but should we take it we should be fine through mid---mid '21.

GOSAR:

So now isn't it true that you are actually generating more revenue at this time of the year then you also did last year and you are processing more successfully process an uptick in mass mail government items such as the stimulus checks and the question about the census question or balance. Is that true?

DEJOY:

We are seeing more revenue mostly due to packaging rates mail products are down 15 percent albeit also on average but package--package volume is up substantially but package volume is very costly for us to handle--in an overcapacity method.

GOSAR:

So now do you believe that the money on hand successful (INAUDIBLE) seeing that you said the mail volume is down by 15 percent and the hard work of over 600,000 postal workers that you can handle the slight election increases that you will possibly see?

DEJOY:

I will be very, very clear that the 650,000 men and women we are working with our union leadership, our management team and our employees. We will be able to handle all election mail for the 2020 election.

GOSAR:

So now I want to go back to this slowdown related to the pandemic. I want to highlight that this week the president of the Phoenix Postal Workers Union stated that it was suffering from these pandemic workforce strains that no processing machines have been removed during your tenure and that the United States Postal Service processed over 700,000 ballots in a recent primary election.

Let me ask you a question Mr. DeJoy. Have you had slowdowns or impediments like in Seattle and Portland and new--New York City and Chicago because of the rioting and anarchy that is going on?

DEJOY:

Well, sir, I mean in a kind of rioting does produce delays within a--any type of public service so I don't have a specific measurement on the above I will say this that as the coronavirus cases throughout the country have expanded it has had an impact on our employee availability and in the urban areas that are hotspots you know the averages don't play out what the real picture is like in areas like Philadelphia where availability is significantly below our normal run rates and but it has been in the pandemic. We actually peaked, saw the peak in terms of employee availability issues in the July--July timeframe.

GOSAR:

Now I want to go back to its--have you paused any policy changes to the Postal Service such as the elimination of overtime prohibiting extra trips, high end freezes and removing sorting machines, is that true?

DEJOY:

The extra trips, and they weren't prohibited, we--it's true on everything else but the extra trips. My direction was we need to work on getting our trucks on schedule and mitigating our extra trips. We still run 7,800 extra trips a day and we still have thousands of trucks truck trips that run late. So it

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wasn't a flat directive, it was work to our plan. That was my directive. Come up with a plan and work through our plan.

So the management team put the plan together and executed on the plan. And--but everything else I had nothing to do with. There was a long standing plan on collection boxes and sorting machines and Postal hours and that was way--that was ongoing really in the areas that were taken care of that.

GOSAR:

So another quick question. Is the pony express still available today?

DEJOY:

I've been here 70 days, Sir. I'm searching for the good. I haven't--I haven't seen that yet. Thus, I think it's gone.

GOSAR:

(INAUDIBLE) technology as it's--it's changes. And any transfer of new ideas, it always goes smoothly, doesn't it, Mr. DeJoy?

DEJOY:

I'm sorry?

GOSAR:

A transition where you're trying to make changes always goes smoothly, doesn't it?

DEJOY:

It--it--

MALONEY:

--The gentleman's time has expired, but you may answer his question.

DEJOY:

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The transitions don't always go smoothly. You should have a recovery process. Our recovery process is taking too long. This should have been resolved in a couple of--in a few days and it's--it's not. So the impact there's a lot of reasons that are there are a lot of things that are impacting our service. This is one of them on the front end and we--we should have cleared it up quicker and I think we have the focus on it now and will recover, you know, quite rapidly going forward.

MALONEY:

Thank you. The chair now recognizes--

GOSAR:

Yeah, DC doesn't change

MALONEY:

--Mr. Clay. Congressman Clay.

CLAY:

Thank you for conducting this hearing. Thank you, Madam Chair for conducting this hearing. Mr. DeJoy, one of the most damaging results of your actions is the reports we have heard over and over again from people and families across the country who are not getting their mail in medications on time and it's heartbreaking.

The Postal Service delivers hundreds of millions of prescriptions (INAUDIBLE) shipments each year. That is millions of shipments per day (INAUDIBLE) a week (INAUDIBLE) of vital medicines delivered (INAUDIBLE)--

MALONEY:

--We're having a technical problem right now with Mr. Clay. We can't hear you. It's breaking up.

CLAY:

(INAUDIBLE)

MALONEY:

Should we go to someone else and go back? Okay, Mr. Clay, we're going to--we're going to try to correct what there's a problem. We can't hear you--

CLAY:

--Literally a lifeline--

MALONEY:

--We're going to we're going to hold your testimony--

CLAY:

--For our most vulnerable populations--

MALONEY:

--Should we go for it or not? Okay--

CLAY:

--This problem has gotten aggravated during the coronavirus crisis because mail ordered--

COMER:

--Madam Chair, for the sake of time, let's move on.

MALONEY:

Okay. Mr. Clay, we're going to hold up on you and go to Mr. Lynch and then go to a Republican and come back to you. We have technical difficulties. Mr. Lynch, Congressman Lynch, you are now recognized.

LYNCH:

Thank you--thank you, Madam Chair. Thank you, Mr. DeJoy for attending. Mr. DeJoy, you've been the postmaster general of the United States for a couple of months right now?

DEJOY:

LYNCH:

Seventy days. Okay. So I've been a member of this committee for about 20 years. And since my mom and two of my sisters, a bunch of my aunts, cousins, my in-laws all worked at the post office, some of them are retired, some of them are still there, as a member of Congress, you might say I've been compelled to take a keen interest on matters affecting the Postal Service.

I'm also a former president of the Ironworkers Union in Boston, so you can get a sense of my perspective. It's blue color and, you know, common sense, get your work done sort of perspective. So Mr. DeJoy, is the postmaster for the United States of America for the last 70 days, did you know that the Postal Service has never allowed itself to be in that situation that it's in today?

Throughout the Postal Service history, there's been a tradition of reliable delivery from the very beginning Article 1 Section 8 Clause 7 of the United States constitution. Going back to Ben Franklin, our first postmaster general, the pony express has been mentioned before. I was actually watching a Ken Burns special last week and he had these heart wrenching letters that were back and forth from soldiers during the civil war, so even at a moment when the country was at war with itself, the mail was delivered.

During the First World War and the Spanish flu influenza of 1918, through the Great Depression, millions of people out of work, 1000 bank failures, the mail was delivered on time. Even during the Second World war with the threat of Nazi U boats, international mail was delivered on time. It just so happens I was elected on 9/11, the day of the terrorist attacks on our nation. A God awful day. Some people forget in the days after 9/11, we had direct anthrax attacks on the United States Postal Service. We lost two brave Postal workers, Joseph Kurseen (SP) and Tom Morris (SP) down at the Brentwood facility here in DC from anthrax inhalation.

But for the good of the country, the Postal unions continued to send their members into the post office to do their job to keep the country running. So two--two weeks ago after you'd been postmaster just for just a few weeks, that all changed. In the middle of a pandemic, that has killed 170,000 Americans and on the eve of a national election at a time with the CDC is advising people not to gather, limit outside contact, the Postal Service started removing 671 high speed mail sorting machines across the country.

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You stopped the APWU from sorting the mail and you stopped that national letter carriers and mail handlers from working overtime to deliver the mail. And for the first time in 240 years in our history of the United States Postal Service, you sent out a letter embarrassingly to--in July 246 states that said the post office can't guarantee that we can deliver the mail in time for the elections in November. And we have reports from across the country as you acknowledged, service has been delayed and the mail is piling up. You have ended a once proud tradition.

Now, as a member of the oversight committee, we are the chief investigative committee in the Congress. We conduct oversight on every matter that impacts the American people foreign and domestic. There are members on this committee who have been to Iraq and Afghanistan a couple dozen times. They've been to Yemen, Somalia, Gaza, you name it. They literally go to the ends of the earth to investigate matters that affect the American people, especially when it involves our sons and daughters in uniform.

In this moment, it is our Postal workers who happened to be our men and women in uniforms. They are on the frontlines of this pandemic. Throughout this pandemic, they've risked their own health and safety to deliver or try to deliver mail, medicines, and mail in ballots to every American home and business six days a week.

As a member of this august committee, I am supposed to ask you a question. In my heart, I'm tempted to ask after 240 years of patriotic service delivering the mail how can one person screw this up in just a few weeks.

Now, I understand you bring private sector expertise. I guess we couldn't find a government worker who could screw it up this fast. It would take them awhile. The president is running this post office like a business, like he said. He's running it into the ground as he has declared bankruptcy a few times on his own businesses.

In an effort to apply the facts, the real facts, not the--not the alternative facts based on what you have actually done, one can only reach as--a factfinder we can only reach two conclusions. One, either through gross incompetence you have ended the 240 year history of delivering the mail reliably on time, or the second conclusion that we could gather is that you're doing this on purpose and that you're deliberately dismantling this once proud tradition.

MALONEY:

LYNCH:

My last question is this--

DEJOY:

--Thank you--

COMER:

--Time. Time--

LYNCH:

--What the heck are you doing. What the heck are you doing--

COMER:

--He's gone over--

DEJOY:

--Thank you--

MALONEY:

--The gentleman's time has expired--

DEJOY:

--Thank you, sir--

MALONEY:

The gentleman's time has expired. The gentleman may answer--

DEJOY:

--First of all, I would like to agree with you on the heroic efforts of our 650,000 employees across the nation in the history of the Postal Service for their--the 250 year history of serving the American--the American public. And I'm very--

LYNCH:

--Will you put the machines back?

DEJOY:

I'm--I'm very proud to lead the organization. The rest of your accusations are actually--

LYNCH:

--Will you put the--

DEJOY:

--Are actually outrageous--

LYNCH:

--Will you put the high-speed machines back?

DEJOY:

--No, I will not.

LYNCH:

You will not?

DEJOY:

Will not.

LYNCH:

You will not. Well, there you go.

DEJOY:

There I go what?

LYNCH:

There will--

DEJOY:

--Those machines--

COMER:

--Madam Chair--

DEJOY:

--Those machines have--

COMER:

--Let the witness answer the question--

MALONEY:

--Gentlemen--

COMER:

--And--

LYNCH:

32,000 (INAUDIBLE) an hour.

COMER:

He has gone over time.

Order, order, order. The gentleman may answer the question without being interrupted.

DEJOY:

Every accusation--

MALONEY:

--The question is will you put the machines back?

DEJOY:

The--the answer is no. And every accusation you made other than the trucks adhere to the truck schedule is inaccurate and more misinformation for the American public.

LYNCH:

You won't put the machines back though?

DEJOY:

I will not.

LYNCH:

You took them out. They're high-speed machines.

COMER:

Madam Chair.

DEJOY:

I did not take them out.

COMER:

Madam Chair.

Mr. Jordan is now recognized, Congressman Jordan. Is he here? Just--Congressman Jordan?

COMER:

No, I believe that's not the order.

MALONEY:

What? No, it's Palmer, Congressman Palmer.

COMER:

Palmer.

MALONEY:

I'm getting different signs up here--

COMER:

--It's all right--

MALONEY:

--Of who's--why don't we go back to the old way, that you write it down, because it keeps changing?

Okay. Congressman Palmer is now recognized.

PALMER:

I thank the chairman. And I just want to point out a Washington Post article from August 26th, 2015, almost 5 years to the day, that there was a decline in first-class letter delivery of 18 percent to 44 percent, and a 38 percent decline in the performance over the same time in 2014. This was during the Obama-Biden administration.

The United States postal office in 2012 started closing dozens of mail sorting facilities. From January to June 2015, there were 494 million pieces of mail that did not arrive on time, a 45--48 percent

increase in delayed mail delivery. And I'm sure that that was intended to impact the 2012 election, yet this committee didn't see fit to look into that.

Mr. DeJoy, these will be yes and no for the most part. Is there any way that post offices can know whether or not ballots they are delivering to--to households are to eligible voters? Is there any way for the post office to know that?

DEJOY:

No, sir.

PALMER:

I bring that up because there's analysis of data released by the U.S. Election Assistance Commission in 2019 in a recent U.S. Census Bureau's five-year American community survey, there was 378 counties nationwide that have more voter registrations than citizens living there who are old enough to vote. These are counties where the registration exceeds 100 percent. In Iowa, there are at least 18,658 extra voters.

Under the National Voter Registration of 1993, Judicial Watch sent notice of violation letters to 19 large counties in five states, California, Pennsylvania, North Carolina, Virginia, and Colorado. Real Clear Politics reported that Los Angeles County had an estimated 1.6 million in eligible voters, and 38 states have counties where the voter registration is over 100 percent, including Montgomery County, Maryland, which represented my distinguished friend, Mr. Raskin.

The same article cited a 2012 Pew study that found there are 24 million voter registrations that are no longer valid or significantly inaccurate. Pew's total included 1.8 million dead people and another 2.75 million who are registered in at least two states. New York, for instance, in this most recent primary that impacted your--your race, Madam Chairman, had 84,000 ballots, almost a fifth of all the--over a fifth of all the ballots, I think, cast, 12,000 in--in your race, that were disqualified.

So, my question to you, Mr. DeJoy, is there any way to be sure that more ballots than a household should be eligible to receive are not being delivered?

DEJOY:

I'm sorry? Say that again.

PALMER:

Is there any way for the Postal Service to determine whether or not a household is getting more ballots than they should be?

DEJOY:

My--we're--we're focused on delivering the mail that's sent to the address.

PALMER:

So, the answer is no. There's no way to know that. And--and so--and if--and if--if there was some way to know that, I'm sure the postal inspectors would--would get involved.

UNKNOWN:

Okay, so let's try that again. Once it calls you, it tells you press one to--

PALMER:

--Madam Chairman, I reserve my time.

UNKNOWN:

I think that's what we didn't do.

UNKNOWN:

So, stop talking.

MALONEY:

What's going on?

PALMER:

I think the Chinese have hacked in or something.

MALONEY:

PALMER:

Ma'am, the clock is still running. I--

COMER:

--Madam Chair, can his time be restored?

MALONEY:

We will give you adequate time to--

COMER:

--Okay--

MALONEY:

--Because of the--

COMER:

--Have we resolved the--this, do you think?

MALONEY:

What is the problem? What is it?

UNKNOWN:

They're--they're just trying to deal with technical--we'll give you extra time.

PALMER:

Okay.

MALONEY:

You--you have extra time. We have some technical problems.

PALMER:

Thank you, Madam Chairman. And I do appreciate your indulgence. Thank you.

The Census Bureau reports that 11 percent of Americans move each year. Section 8 of the National Voter Registration Act, which was passed by the Democrats in 1993, signed by President Clinton and--and voted for by Mr. Cooper and Mr. Clay and--and Madam Chairman Maloney, requires states to perform voter registration maintenance.

It is really the responsibility of the federal government to ensure that states and local governments make sure their voter rolls are accurate and that they have removed deceased people, people who have moved, or in active voters. And it should be noted that the Obama-Biden administration did not bring a single Section 8 enforcement action in during their entire term. That makes the post office task of only delivering ballots to eligible voters more difficult.

My point is is that you've been accused of trying to impact an election when the fact of the matter is, and for those people who've never had a real job out of business, what you've been trying to do is improve the performance of the post office so that what happened in 2015 does not continue to happen.

And it's going--and--and their--the accusations are that they're--that you're trying to throw the election, when the fact of the matter is the fact that the federal government has not done its part, particularly in--during the Obama-Biden administration, to ensure that the voter rolls are accurate has major job more difficult. It's really not your job, is it, one where the other?

DEJOY:

No, sir.

PALMER:

Can we count on the post office and delivery personnel around the nation to not deliver mass ballots, stacks of ballots to an address where the delivery person knows there's--that there's nobody there, an abandoned house, an abandoned apartment complex, a business? Would that--that would be reported, wouldn't it?

DEJOY:

We deliver mail to the address specified.

PALMER:

And if dozens or hundreds of mail in ballots are dumped into blue mailboxes instead of left in a--a regular mailbox for pickup or dropped off at the post office, would it make sense to report to the postal inspectors to make sure that those ballots are legitimate?

DEJOY:

Well, there are processes that the postal inspectors deployed. I'm not fully aware of what they are right now, but there are processes that the postal inspectors deployed to identify any fraudulent type of activity within the mail system.

PALMER:

Well, we need to make sure that this election is not tainted by fraudulent mail-in ballots.

And I'm--Madam Chairman, I'm going to do something that I rarely do. And when Mr. Gosar mentioned the burned-out--the riots in Portland and--and other--Seattle and other places around the country, there was a chuckle from one of the Democrats on this committee. And I take offense at that.

This is a picture of the burned-out post office in Minneapolis, okay? There was mail in that post office that was lost. There may have been prescription drugs that were lost. There may have been Social Security checks in that office that were lost. It is a fact that not only is the mail delivery delayed when you have anarchists laying siege to cities all over the country, it endangers postal workers, delivery people. It may have endangered people's lives who were not able to get their medicine because it burned up in the Minneapolis post office.

That's not funny. And I hope that the Democrats in this committee and in this Congress will take seriously what's happening in American cities. I yield back.

MALONEY:

The gentleman yields back. We're still having difficulty connecting with Congressman Clay. I now recognize Mr. Cooper, Congressman Cooper.

COOPER:

Mr. DeJoy, here's what your so-called reforms have done to my district in 70 days. A lady named Helena Roeser (SP) paid five dollars on July 22nd to send a certified letter to the Nashville, Tennessee Social Security office. The distance is 20 miles. The letter took 12 days to arrive.

Just this morning, excellent reporting from Nashville's channel 5 TV proves that Nashville's mail trucks are being forced to leave on schedule even when completely empty. Imagine it, 53 foot trucks forced to travel hundreds of miles completely empty due to your so-called reforms. Here are the truck records. That's not efficiency. That's insanity. For any--

COOPER:

--anyone thinking of voting absentee the effect of your policies is to unilaterally move up election day from November 3 to something like October 27 and if you force more empty trucks on the highway you will be able to single-handedly move up election day even earlier.

According to NPR already 550,000 primary ballots, absentee ballots were rejected in just 30 states and one of the main reasons was late delivery. How dare you disenfranchise so many voters when you told the Senate committee just last week that you had a sacred duty to protect election mail.

You know that it is a felony for postal service officer or employee to delay delivery of mail. A postal employee can be fined or imprisoned for up to five years for delaying the mail but so how you can delay all of the mail and get away with it. They can be prosecuted but you can't even if your actions are 1 million times worse. Mr. the joy do you have a duty to obey U.S. law like every other American?

DEJOY:

I do, sir.

COOPER:

Well, previous postmaster's general have been punished for much smaller conflicts of interest than yours. In 1997 the 70th postmaster general Marvin Runyon from Tennessee had to pay \$25,000-\$27,000 because of a \$350,000 conflict of interest. If your \$30 million conflict of interest 100 times larger than Mr. Runyon's were treated like your predecessors you would have to pay a \$2.7

million fine and probably be ousted from being Postmaster General. So Mr. DeJoy are you above the law that applies to other postmaster's general?

DEJOY:

I--I don't agree with the premise. I am in full--full compliance with all ethical require immense that I need to have an there is no IG investigation then I welcome the result of that report.

COOPER:

Well, Mr. DeJoy as a major donor for the Trump campaign you were picked along with Michael Cohen and Elliott(SP) (INAUDIBLE), two men who have already pled guilty to felonies to be these three deputy finance Chairman of the Republican national committee. Did you pay back several of your top executives for contributing to Trump's campaign by bonus thing or rewarding them?

DEJOY:

That is out outrageous claims sir and I resent it.

COOPER:

I am just asking a question.

DEJOY:

The answer is no.

COOPER:

So you did not bonus or re-ward any of your executives--

DEJOY:

No.

COOPER:

Or anyone that you solicited for a contribution to the Trump campaign?

DEJOY:

No, sir.

COOPER:

Not in whole or in part?

DEJOY:

To be--actually I--during the Trump campaign I wasn't even working at my company anymore.

COOPER:

We want to make sure that campaign contributions are illegal so all of your campaign contributions--

DEJOY:

I am fully aware of--I am fully aware of legal campaign contributions. I raised sent the assertion, sir you are accusing me of.

COOPER:

Well, I am asking a question. Do your mail delays fit Trump's campaign goal of hurting the post office as stated in his tweets and are your mail delays--

DEJOY:

I'm not--(INAUDIBLE)--

COOPER:

--implicit campaign contributions?

DEJOY:

--these types of questions. I'm here--I am here to represent the Postal Service. Nothing to do with--all of my actions have to do with improvement in the Postal Service.

COOPER:

(INAUDIBLE)

DEJOY:

Am I the only one in this room that understands we have a \$10 billion a year loss? Am I the only--

COOPER:

Will you give this committee--will you give this committee your communications with Mark Meadows, with Treasury Secretary Mnuchin and with a president?

DEJOY:

Go ahead and do that.

COOPER:

Mr. DeJoy is your backup plan to be pardoned like Roger Stone?

UNKNOWN:

Pitiful.

COOPER:

You have two seconds to answer the question.

DEJOY:

I have no comment on that. It's not worth my time.

COOPER:

I see my time is expired.

MALONEY:

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They gentlemen's time has expired. Representative-- the gentleman from Florida Mr. Steube is recognized for five minutes. Congressman Steube?

STEUBE:

Thank you, Madam Chair. Thank you Madam Chair. First of all as a veteran who served in Iraq in support of operation Iraqi Freedom to compare postal workers to our military servicemembers in Iraq or Afghanistan quite frankly to me is offense.

The last time I checked Postal Service drivers weren't getting their vehicles blown up by IED's or being shot at as they drove around and delivered mail so to try to compare our military servicemembers to sacrifice on the battlefield so across the world to our Postal Service members is frankly offense of as a person who has served.

It is unfortunate that there are Democrats on this committee that have 100 percent politicize the Postal Service to try to stoke fear with the American people but we shouldn't be surprised. It's a familiar theme for Democrats over the last two years. A subcommittee Chairman of this committee when asked on national television and I quote are you saying say it directly is this an attempt by the president do you believe to interfere in the election the answer was absolutely. There is absolutely no evidence whatsoever that President Trump is using the Postal Service to interfere with the election, none in fact quite the opposite.

But Democrats don't care about the fact so here we go again. Seems like just yesterday we were hearing how the Trump campaign collated and conspired with Russia to interfere with the last election and when the facts actually came out there was no evidence that that ever occurred. This is absolutely a concocted narrative by the Democrats to stoke fear in the American people just like the Russia collusion hoax.

Financial issues have plagued the Postal Service for decades and is vastly in need of reform. Mr. DeJoy just stated that \$10 billion loss a year. Businesses couldn't operate that way but the Democrats don't want real reform. If they did they have worked with our witness today, they would have worked with Republicans in crafting a bill, they would have worked with our counterparts in the Senate, they would have worked with the administration to actually come up with reform that would actually pass.

This is a political stunt for the Democrats newest interference hoax. I represent nine counties in Florida and just last week we held our primary elections. Florida those saw the largest turnout in a

presidential election year primary since 1992, that was 18 years, about 2.3 million mail in ballots were cast which made up of about 59 percent of all ballots cast. Initial reports indicate that there are minimal issues with the additional ballots handled by the Postal Service. There were no issues in my nine counties with absentee ballots in this district that I am aware of.

Mr. DeJoy, would it be fair to say that the Postal Service successfully delivered during Florida's primary last week?

DEJOY:

Yes, sir.

STEUBE:

The 2.3 million mail in ballots that were cast in Florida are a significant amount for one state. What are the factors that led to the Postal Service being able to deliver the substantial increase in mail-in ballots on time?

DEJOY:

Well, when it comes to ballots the Postal Service prior to my arrival and the heightened awareness of this particular election throws--throws everything it has at--at moving ballots through--make through the system.

The ballots are usually identified with special markings and every employee and manager is very much focused on making sure that ballots move quickly through the process, sometimes in advance of first-class mail so those particular processes were deployed and will be deployed as we come into the 2020 election.

STEUBE:

And Florida has am I correct in stating that Florida has a reasonable timeframe for Postal Service to return the ballots as opposed to some states that just allow ballots to be requested at the last minute and therefore the length their ability for the Postal Service to get those ballots to the precincts in time?

DEJOY:

Prior to my arrival and since my arrival in the purpose of sending out the letters to all of the states with regard to what we just want to make everybody aware of what it is that will really work. We can--we can put all of these additional processes on but it would be more helpful if we had reasonable--reasonable standards from the election boards that comply with our processes to enable us to do it more efficiently and effectively.

STEUBE:

So to clarify do you need any additional funding to be able to successfully deliver ballots in Florida this November?

DEJOY:

No we do not, sir.

STEUBE:

Are there any lessons that other states can learn from the way that Florida handles our ballots in absentee voting?

DEJOY:

Well, I'm not particularly familiar with Florida but our General Counsel and we have--has put out letters with regard to each states election guidelines. We have a website that has just been posted on normal process and in general I will say on behalf of 650,000 postal workers get your ballot early and please vote early and that is just common, you know, common sense.

But if Florida had a--you know, Florida had a good process, so I'm sure their--their electoral board procedures were--were good. We can't do this all by ourselves. So we would appreciate every state's help in reviewing their standards and get, you know, and taking the advice of the Postal Service general counsel and what's on our website.

MALONEY:

Thank you. The gentleman's time is expired. We now recognize Mr. Clay. If we were still having connection problems, we will go be going to Mr. Connelly. Mr. Clay.

CLAY:

Hi Madam Chair. I hope you can hear me now.

MALONEY:

Yes, we can.

CLAY:

All right. Let me know and thank you for conducting this hearing. Mr. DeJoy, let me start with the-- with a question. Before you implemented your changes, did you conduct any analysis of the effect your changes would have on delaying prescription drug shipments, the delivery of those shipments to your customers? Did you analyze that before you implemented these changes?

DEJOY:

Sir, we have a whole operating organization that I asked to put together a plan. And it wasn't a change. It was comply with your schedules and when we could comply with your--with our schedules. I reviewed this with every regional area VP on a discussion that they were ready and they--they rolled it out. I'm not the COO. I'm the CEO of the organization, but I received commitment that that's--we would be able to go forward with the--with the plan to committing to our existing schedule.

CLAY:

Okay, Mr. DeJoy, let me let me say this. Prioritizing on time truck departures means letter carriers leave without all of their packages, including medicine on board. Critical medicines like refrigerated insulin is reportedly sitting in sorting facilities days longer than expected. Did you examine the effect of your changes on medicines like insulin that requires special storage?

DEJOY:

Sir, at no time did I say don't put the mail on the trucks when they left on time. This was not a hard direct everything must leave on time. We still have thousands of trucks a day that leave late within the--within, you know, a certain time frame. So the whole--and there was still hundreds of extra trips. So the--the intention was to put the mail on the trucks and have the trucks leave on time. That should not have impacted anybody.

CLAY:

What about the impact, Mr. DeJoy, what about the impact of letting--of missing that insulin and having it sit on the floor somewhere and--and it may spoil or whatever. At least we know it will be delayed. Did you all give that any consideration?

DEJOY:

We are concerned about the impact of each individual across the country and we are working extremely hard to bring the service levels back to where they were and to exceed that. And we will be there shortly.

CLAY:

Mr. DeJoy, we would--we would like a copy of any and all analysis you conducted before you implemented your changes. Will you provide them to this committee?

DEJOY:

I will go back to the office and see what we--what the operating team has on that end will--will seek to do so.

CLAY:

Okay. And while you're at it, Mr. DeJoy, do you--do you have any information on the number of prescription drug shipments that the Postal Service has delivered late since you began implementing these changes? And will you provide that information to the committee by the end of the week?

DEJOY:

I'm not--

CLAY:

--Can you give us--

DEJOY:

--I'm not aware of what we have on specific--specific types of shipment. I'm sure we have something. I will take a look at it. But again, I wanted to remind you that the change is misleading and what I ask is that the team find a way to run the trucks on a schedule, which intended--the intention was that we put the mail on the trucks and we ran them on schedule.

MALONEY:

Thank you, Mr. Clay. And we now recognize--

CONNOLLY:

--Madam Chairwoman?

MALONEY:

Yes?

CONNOLLY:

Could I just ask unanimous consent? Mr. Lynch asked me to enter into the record a set of data from the American Postal Workers Union with respect to mail volume and the reduction in advance (INAUDIBLE) systems, delivery bar code sorters, automated flat sorting machine, one hundreds (SP), and flat sequencing systems in its mail processing facilities.

MALONEY:

Without objection.

CONNOLLY:

I thank the chair.

MALONEY:

Thank you. Mr. Norman from South Carolina is not recognized. Mr. Norman.

NORMAN:

Thank you, Chairwoman Maloney. Mr. DeJoy--Mr. DeJoy. I just wanted to apologize to you. You're getting a berating up here. Congressman Lynch--Lynch going into a five minute dialogue would not give you time to your answer questions, would not--was yelling over you. It's typical of how this hearing has gone.

And what's amazing to me is this bill had to be rushed out this past Saturday. Do you remember it--do you know that 67 members did not even take the time to show up? If--if your workers at the post office don't show up, what happens? They don't get a paycheck and the mail doesn't get delivery. It's an insult to what the Democrats tried to do. A false narrative that has not worked for them since this president was elected. The Mueller Report, the impeachment. None of it is working and now they're--they're going fishing for this. I apologize to you.

Let me get some yes or no answers. Are you and the Postal Service actively removing mailboxes at the behest of president trump to undermine the election? Or as President Obama said, kneecap the Postal Service?

DEJOY:

No, sir.

NORMAN:

Was the U.S. Postal Service going to be insolvent before the election it you do not--did not receive the \$25 billion the Democrats insisted in including in their bill?

DEJOY:

No, sir.

NORMAN:

Is the United States Postal Service equipped to handle voting by mail for the November election?

DEJOY:

Yes, sir.

NORMAN:

DEJOY:

I--anything with blue boxes is stopped. No, sir.

NORMAN:

Would the--Congressman Palmer showed pictures of the burned out mailboxes and the city's on fire. Portland, Chicago, Minneapolis, Sacramento, New York. Would that kind of slow the post office delivery down?

DEJOY:

There are certain acts in this--and procedures that we have for situations--for public unrest that we deploy a variety of different things up to and including getting our collection boxes out of there when it happens. But I don't know all of everything that goes with that. But yes, it would slow down the mail.

NORMAN:

It would slow it down and the safety of the delivering--the person delivering the Mail is pretty much an issue now, isn't it?

DEJOY:

I'm sorry?

NORMAN:

The--the--the welfare of the person delivering mail in the burned out cities would kind of be a problem, wouldn't it?

DEJOY:

Absolutely. Our--our letter carriers have, you know, hazardous jobs in many cases.

NORMAN:

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Were you consulted in this all important bill that we had to take up this past Saturday too add your expertise?

DEJOY:

I--I--I think--I don't know if--I think our legislative affairs people had some interaction to comment on it.

NORMAN:

And you made a good statement. You're the you're not the Co--you're not the chief operating officer. You're the CEO. You've been on the job 70 days. To be accused of everything you've been accused of is simply not right. It's unfair. I'm glad the American people are getting a front row seat to what you're having to endure. I yield back.

MALONEY:

The gentleman yields back. Mr. Connolly is not recognized.

CONNOLLY:

Well, my, my, my. You're right. You've been on the job 70 days and you've caused this much ruckus. And believe it or not, that's called accountability. That's why he's here today. That's why we passed a bill. If he wasn't consulted, it's because he was the inspiration of the bill. A dubious distinction, nonetheless.

Mr.--Mr. DeJoy, when did you take office? You were announced, I think, in May but when did you actually take over the job as postmaster general? What day?

DEJOY:

June 15th.

CONNOLLY:

June 15th. And you've seen this data on or around that time is when we see roughly 8 percent decline in service in the Postal Service which most people would say correlates to the reorganization and operational efficiencies you undertook. Do you think that's a fair characterization?

DEJOY:

I think there is a lot of different issues going on within the country that are--impact mail delay, including the actions that we took with regard to transportation. I don't think--I think the--the organizational change was made because of the poor--was accelerated because of the--

CONNOLLY:

--Yes--

DEJOY:

--Rollout.

CONNOLLY:

I--I understand.

DEJOY:

I don't know--I don't--I think that will--

CONNOLLY:

--But--

DEJOY:

--Strengthen the recovery.

CONNOLLY:

But, of course, we all live in a context, don't we, Mr. DeJoy?

DEJOY:

That--that is true.

CONNOLLY:

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You're in the context of the worst pandemic in 100 years, 176,000 Americans dead, 40,000 postal employees who have gotten the virus or quarantined because of it--

DEJOY:

--Yeah--

CONNOLLY:

--And sadly, a few dozen dead. And we're on the eve of a massive shift to voting by mail. 70--76 percent of all Americans live in a state that can vote by mail. 70 percent of Americans want to vote by mail. 50 percent to 60 percent intend to vote by mail. And along comes this.

DEJOY:

Yeah.

CONNOLLY:

Now, let's--let's stipulate that your motives were pure, that you came at this like a normal private sector CEO. You see some problems. You want to create some efficiencies and save some money and make us work better. Wouldn't you think, though, that you might take into consideration the context?

And--and if you didn't, as a good CEO, when you saw unintended consequences, which your testimony would have us believe these were unintended, you'd take measures quickly to ameliorate the unintended consequences, namely scaring the public after death about the reliability of the Postal Service, lots of anecdotal if not empirical data that in fact it materially affected the delivery of mail?

As the new Postmaster General, you don't want to be seen as the guy who actually damage the 244 reputation of the Postal Service and scared voters into believing that their ballots won't get on time because of your service, do you?

DEJOY:

So, I--I--I understand the context. And I think when we look in terms of the context, it was the summertime. Mail volume was down, you know, significantly. So, it was not an--we're getting ready for the peak season, and--and the election is three months away. It was a--a good time to--to start to

try and roll this out. The --again, the request was just run your trucks on time, put a plan to run your trucks on time.

CONNOLLY:

Okay.

DEJOY:

Okay. We--I mean, the impact--let me just--the impact is probably about 10--for that, because if a--if the mail gets processed and the truck leaves, that mail will move on the next truck or the next day, right? So--

CONNOLLY:

--Okay, I--

DEJOY:

--These long stories of--of--

CONNOLLY:

--I'm running--

DEJOY:

--Nine days and so forth, we're not impacting that--

CONNOLLY:

--Forgive me for--

DEJOY:

--Those service levels, if we had one day--

CONNOLLY:

--Forgive me for interrupting you--

DEJOY:

--One day--

CONNOLLY:

--But I--

DEJOY:

--We would be back to--

CONNOLLY:

--I have limited time. That's why I have to interrupt you. You made a statement before the Senate the other day, to Senator Gary Peters, you've had no contact with the Trump campaign during your tenure. Is that correct?

DEJOY:

I have no--I've had no contact with the Trump campaign. I have not--I mean, I've spoken to the president. I've spoken to Steve Mnuchin. I've spoken to other people. But I have not--I have no--I've had no contact about the poll--I've not spoken to anybody about the Postal Service.

CONNOLLY:

Did you not tell the Board of Governors this month in August that in fact you had had contact with the Trump campaign to ask them to stop their attacks on the Postal Service and voting by mail?

DEJOY:

I have put word around to different people to please--to--to--that this is not helpful to--

CONNOLLY:

--So, you--

DEJOY:

--To the--

--You did have contact with the Trump campaign for a good purpose? But you did--

DEJOY:

--I'm trying to think of where--if the Trump--when you say the Trump campaign, I've not spoken to Trump campaign leader--leadership in that regard. I've spoken to people that I'm--that--that our friends of mine that are associated with the campaign.

CONNOLLY:

One of whom was Steve Mnuchin?

DEJOY:

Steve Mnuchin is secretary of Treasury. I did--

CONNOLLY:

--I--I know.

DEJOY:

Yeah. I never spoke to Steve about telling the president to not do something.

CONNOLLY:

I thank--thank you, Mr. DeJoy.

MALONEY:

The gentlemen's time is expired, but you may answer his question.

DEJOY:

What was the question?

CONNOLLY:

The question--I'm sorry. The question was what conversations did you have with the secretary of treasury, Mr. Mnuchin, about the Postal Service, your hiring and the consequences that seem to have unfolded with these operational efficiencies?

DEJOY:

Oh, the--the only--the conversation I had with the secretary were, when I came here, we had this note that was kind of stuck in the mud. And I worked with him to get the--get the note done. It was really, you know, we're going to--it was I'm going to try and, you know, control costs and grow revenue, and it was a very high level thing. And let's--let's try and get the deal done so we have the loan. That was really it.

MALONEY:

Thank you. Mr. Jordan is now recognized.

JORDAN:

Thank you, Madam Chair. Mr. DeJoy, was it the Postal Service's fault that it took six weeks after the June 23rd--Chairwoman Maloney's primary election, for her to be declared the winner? Was that your guys's fault?

DEJOY:

I'm not fulfilled with the details, but I know it took a long time.

JORDAN:

Was it--but I'm asking did--did--well, that wasn't your fault, was it? It was the board of elections.

DEJOY:

No, it wasn't.

JORDAN:

Right. Was at the Postal Service's fault that New Jersey was still counting ballots for weeks after the primary election last month?

DEJOY:

No, sir.

JORDAN:

How about--how about the Democrats Iowa caucuses? Was that the post office's fault, that we didn't know who won the Demo--I don't know if we--if we've still figured out who won the Democrat Iowa caucus. Was that the post office's fault?

DEJOY:

No, sir.

JORDAN:

So, just a couple facts. I want to make--just be clear. You got \$14 million cash on hand. You got a \$10 billion line of credit. Is that right?

DEJOY:

Yes, sir.

JORDAN:

You--and--and changing out the sorting machines and removing and changing out mail collection boxes is nothing different that has happened before, right? Every--every postmaster general, every--every year we do those sort of things. Is that right?

DEJOY:

Yes, sir.

JORDAN:

Yeah. So, there's no--no different. In fact, what was the number? I think between 2011 and 2016, it was like 12,000 mail collection boxes that were removed, changed out by the Obama/Biden administration. Is that right?

DEJOY:

It was a lot. I don't know--

JORDAN:

--Yeah, it was a lot--

DEJOY:

--That number.

JORDAN:

And you didn't order a reduction in overtime or a reduction in hours. I think you testify to that earlier.

DEJOY:

I did not.

JORDAN:

So, why are they out--why--why--why are these guys out to get you? What is it?

DEJOY:

I don't--I don't--they have their own concerns. I assume they're legitimate with them and--

JORDAN:

--Well, you assume--you assume they're legitimate. Why--why are they out to get you? I mean, Mr. DeJoy, they--they have had people protesting at your house last night. They've been doing it for weeks. 90-some of these people have already called for you to--to resign. They--they passed the--

DEJOY:

--I have--

JORDAN:

--The bill before they even talked to you, before they even had a hearing. They're not interested in any bipartisan solution, as evidenced by the fact that the chairwoman wouldn't even contact the White House Chief of Staff, who had a bill that he worked one with the previous chairman, the late Chairman Cummings, a bipartisan bill to address concerns at the post office. So, I'm asking you, why are they after you?

You were--you--first of all, you were--you were--you were appointed by the Board of Governors, right?

DEJOY:

I was appointed by--unanimous appointment by a bipartisan--

JORDAN:

--Unanimous--

DEJOY:

--Board of Governors.

JORDAN:

Unanimous vote, bipartisan, not all Republicans. Democrats thought you were the right guy for the job, right?

DEJOY:

Yes, sir.

JORDAN:

So, why are they out to get you?

DEJOY:

I--I--I have no idea. I do have a lot of support out there amongst the employees and people in America though. I receive it every day.

JORDAN:

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You've got an amazing record in business. You've got an amazing history of community service. You help kids with their education, serve your community, serve our country, and these people are out to get you, when all of the facts--none of the facts--the--the--as the Wall Street Journal, said this is one giant conspiracy from the Democrats. I'm just not--I just want to know what--what--what could be there reason. What could it be, Mr. DeJoy? We know it's not based on the facts. What could it be?

DEJOY:

I--you're--

JORDAN:

--Might it be politics? Might it be? Might it be the election coming up? Might it be the fact that they actually want to wait and count votes after Election Day? Maybe they want six weeks after the election. Maybe they want to be counting votes six weeks after the election, the presidential election, the biggest election we're going to have.

Maybe they--maybe they want to be counting votes six weeks after like they did in the chairwoman's race or four weeks after the like they did in New Jersey, or maybe they want to wait forever like they did in the Democrat Iowa caucuses. May--might that be the reason, the chaos and confusion that we saw with all three of those elections? Maybe that's what they want. Could that be the reason, Mr. DeJoy?

DEJOY:

I--I don't know what motivates people to have different opinions of me.

JORDAN:

Well, they've called you all kinds of names today already--

DEJOY:

--And I--

JORDAN:

--Protested outside your house. They were there last night, weren't they?

DEJOY:

Yes, sir.

JORDAN:

Banging pots and pans outside your house, disrupting your neighbors, disrupting you.

DEJOY:

Um-hmm.

JORDAN:

When the facts--the facts as you testified are not anything close to what they have been saying for the last three weeks, what they said Saturday on the House floor. This is--we--we know what this is about. We all know what this is about.

This is about these guys wanting chaos and confusion because they--I think they know this. I think they know on election night, President Trump's going to win. They know that on Election Day, the vote count on Election Day, President Trump's going to win, and they want to keep counting six weeks, four weeks, Iowa caucus, whenever they--I don't know when they decided that one. I still don't know if they've declared a winner.

JORDAN:

I don't know if it was Bernie or Biden or whoever was running then, that is what they want and they are willing to go after a guy like you who has served our country, served his community, helps kids with their education, amazing record in business, they are willing to go after you and you have been on the job 70 days and everything you have testified is nothing new that has been done the same thing has been done by other postmaster general's yet they are coming after you because that is how much they want to get this president.

It is disgusting and we all know what is going on and your--the fact that you wall--you know it to you while say it, I think that shows your character as well but I will say it because it's true and the American people understand it and see right through it. I yield back.

The gentleman (INAUDIBLE) Congressman Krishnamoorthi, you are now recognized.

KRISHNAMOORTHY:

Good morning Mr. DeJoy.

DEJOY:

Good morning.

KRISHNAMOORTHY:

Before becoming postmaster general I believe you appropriately resigned(PH) from being the finance chair for the Republican national convention, correct?

DEJOY:

I did, sir.

KRISHNAMOORTHY:

And I say you appropriately resigned(PH) because even in your written testimony you said we should keep the nonpartisan tradition of the USPS and in this case occupying a high level political post at the same time you would be occupying a high level USPS post would create at least the parent's problems if not more, right?

DEJOY:

Yes, sir. I also think I couldn't hold both positions.

KRISHNAMOORTHY:

Yes, sir. Mr. Duncan, are you on the line, sir? Mr. Duncan?

DUNCAN:

Yes, congressman.

Yes, sir. As chairman of the board you are one of the highest-ranking officials at the USPS, correct?

DUNCAN:

As chairman of the new board I am a member of a part time board that is Senate confirmed and--

KRISHNAMOORTHY:

But you--you are the chair of the board, you are the highest-ranking official at the USPS. I would like to point out that you are also on the board of two Republicans super PACs namely the Senate leadership fund and the American crossroads, correct?

DUNCAN:

Yes, sir.

KRISHNAMOORTHY:

And I just went to the USPS website sir and I looked at your bio and I would be remiss if I didn't point out on your official government bio at the USPS website you said as RNC Chairman he namely(PH)--you raised an unprecedented \$428 million and grew the donor base to one (INAUDIBLE) million, a record at the time. This is on your official government USPS bio. Mr. Duncan, I have a couple of other questions for you.

In your written testimony you mentioned that an outside research firm called Russell Reynolds Associates was contracted to find the quote unquote best person for the job, best person for the job of postmaster general, correct?

DUNCAN:

Correct.

KRISHNAMOORTHY:

You further noted in your testimony that Russell Reynolds reviewed 212 candidates and then they narrowed the search 253 after they reviewed those people's bios and backgrounds and they vetted

DUNCAN:

Yes, sir.

KRISHNAMOORTHY:

And interestingly according to David Williams, the former vice chairman of the Board, the former inspector general for 13 years at the USPS as well as a published report over the weekend Mr.--Mr. DeJoy was not among the 53 presented to the board. Either one, Russell Reynolds considered Mr. DeJoy and decided there were 53 better candidates than him or Mr. DeJoy was not considered by Russell Reynolds at all before presenting the 53 finalist. Which was it Mr. Duncan?

DUNCAN:

We were still in the process of developing the pool before we had our first round interviews at that point.

KRISHNAMOORTHY:

I understand. You are talking about the first round interviews, they round of 14 but you don't dispute obviously in your answer that Mr. DeJoy did not make the initial cut of 53 finalist reported to the board but he was inserted into the round of 14 not by merit but his connections. It would be the same as an NCAA team not making the round of 64 but then swooping into the round of the Sweet 16 and that is what happened here.

So let me ask you this question. Mr. Williams repeatedly asked the board to do a background check on Mr. DeJoy by the postal inspection service. Do you know what the postal inspection service says, sir?

DUNCAN:

Yes, sir.

KRISHNAMOORTHY:

And you and the board refused to do that background check and that was not shared with the board before they voted. Now let me turn to my final set of questions here. Mr. Duncan you were once

liberals special interest allies are trying to steal their election victories from Republicans. I assume you still believe that about Joe Biden and the Democrats, sir?

DUNCAN:

I have no knowledge of that fundraising letter.

KRISHNAMOORTHY:

It is in these CNN article that quote you directly right here and then we have another article from the Las Vegas Sun it says and again you wrote in a letter Democrats will soon be trying to pad their totals, that ballot boxes across the country with votes from voters that do not exist. Do you still believe that to be the case Mr. Duncan?

DUNCAN:

What are the dates of these letters?

KRISHNAMOORTHY:

This article is from the Las Vegas Sun from 2008. Do you still believe this--

DUNCAN:

Yes, sir.

KRISHNAMOORTHY:

--this sentiment?

DUNCAN:

I--make I don't believe anyone at this point who is a nominee of the major parties is trying to steal an election.

KRISHNAMOORTHY:

Thank you. That would be in contra--contravention of what the president said in a tweet on August 20. They are trying to steal this election, the Democrats.

MALONEY:

The gentleman's time has expired but the gentleman may answer.

DUNCAN:

Let me respond. There are lots of false premises in this about making the cut, the process work that we had lots of people input including members of Congress, members of the administration, all of our board members. I think I put it in half a dozen different names. We ran into a period of time after the holidays when COVID started that we were moving as fast as possible.

We got together, we talked about well, we need to make sure that we have as many candidates as possible because you get a better pool, you get better choices then at that time. Because during that period of time that Mr. DeJoy interest became or availability became known to me I submitted that name as I had many others.

MALONEY:

Okay. The gentleman's time has expired. Mr. Massie, Congressman Massie you are now recognized. Congressman Massie? Congressman Massie you are now recognized store we could then go to Mr. Higgins.

UNKNOWN:

Mr. Hice.

KRISHNAMOORTHY:

Roy--Mr. Roy.

MALONEY:

Okay. We have some difficulty. We are going to go to Mr. Roy and come back to Mr. Massie. Mr. Roy?

ROY:

MALONEY:

We can hear you but we are not seeing you. Now we see you.

ROY:

Okay, excellent. I appreciate it. Thanks for the indulgence. Mr. DeJoy can you answer a couple of questions for me? Were you nominated by the President of the United States or were you selected by unanimous bipartisan board?

DEJOY:

I was selected by a unanimous bipartisan board.

ROY:

Thank you. A minute--minute ago my colleague Mr. Connolly lamented you have done quote 70 days of damage yet Mr. Connolly if I'm not mistaken has been on this committee for 11 years chair or ranking chair(PH) of the Government Operations Committee for seven years and given that the Oversight Committee held a hearing in April 2019 about the financial condition of the USPS why do you think Mr. DeJoy that we are having a hearing today, 71 days before an election and 48 hours after we voted on legislation before we had the hearing? Why do you think we are having a hearing today?

DEJOY:

I--I do not know Sarah but I will say that I am surprised at the lack of attention to the financial condition of the Postal Service over the last 10 years.

ROY:

So you are saying to me that the financial condition of the Postal Service is nothing new, that this is something that we have known has been coming for a long time and that the Postal Service has lost money for what, at least 13 consecutive years?

DEJOY:

ROY:

Okay. Mr. DeJoy does the United States Postal Service deliver 8 billion pieces of mail a month give or take?

DEJOY:

Yes, sir.

ROY:

And does it have about \$14 billion cash on hand to manage the affairs of the Postal Service for right now is that right?

DEJOY:

Yes, sir.

ROY:

If every single American voted by mail which won't happen by the way we all know that it would be less than about 2 percent of the total mail delivered in a given month, right? In other words USPS perfectly capable of handling any amount of mail that would be attached to our election in November?

DEJOY:

We are very ready to handle the election mail, sir.

ROY:

Mr. DeJoy do you believe that this hearing to date so far or at any point today will cover any of the following. The PPP extension to ensure small businesses can survive while governments are keeping businesses shut down, the thousands of restaurants, the thousands of live music venues, the thousands of hotels, the thousands of barber shops across the country that are struggling to survive. Is anything in this hearing going to discuss any of that to the best of your knowledge?

DEJOY:

No, Sir.

ROY:

Are you aware of this Democratic Congress pulling up any legislation to deal with these issues this month rather than going home but yet calling Congress back on Saturday to have a hearing--I'm sorry, have a vote before we even have a hearing on Saturday. Are you aware of that or is this the only thing that we've been voting on in August?

DEJOY:

I haven't been following the agenda of Congress that much. I've had my own issues to--to deal with. I know this is--

ROY:

--Yeah, well I appreciate that. There--there hasn't been that much to follow. So I appreciate that. Are we discussing, for example, human trafficking? Will that be discussed today? I've been asking for a hearing on the scourge of human trafficking, what we can do to stop that. I've been asking for a hearing on that for over a year. We are not having that hearing today, are we? We're having a hearing on this topic. Is that right?

DEJOY:

I think we will be sticking to Postal Service matters.

ROY:

That's right. Look, Mr. DeJoy, I appreciate you being here in front of the committee. I think the fact of the matter is pretty clear. This is a political exercise. This is a show hearing. I've already been seeing out there on social media some of the difficulties that technology and everything else.

The fact of the matter is, we are jamming through this for theater. We are doing a hearing on that Monday after a vote on Saturday that has no prayer of becoming law and this is exactly what the American people are sick of.

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They want the Postal Service to operate and you're trying to work on trying to make it operate. We should have hearings about the health and the financial status of the Postal Service. We should work on legislation to improve it. There aren't bipartisan efforts to do that. We should actually roll our sleeves up and do that work.

But by the way, I would say the same thing about PPP. I was proud to work with Dean Phillips in June to pass bipartisan legislation to help small businesses. Why aren't we doing that right now? Why aren't we doing that today? That is our job and there are people out there who are struggling that can't make they checked, they can't pay their mortgage, there wondering where whether they're going to have the revenue in order to survive for a business they built up or to be able to employ the people that have worked for them for years.

That's what we should be working on, Madam Chairwoman. And I would just posit that this is a waste of time for the United States Congress. The American people are sick of it and we should be allowed allowing the Postal Service to go back you're doing its job here. We should be focusing on doing ours. With that, I'll yield back.

MALONEY:

I think the gentleman for--for yielding and his comments. And just as a point of information, the Democratic Congress did pass the HEROES Act on May 15th that did fund all kinds of help to people and that is sitting on Mitch McConnell's desk--

ROY:

--Madam Chairwoman--

MALONEY:

--As well as this bill. So he has a choice. He can--

ROY:

--Madam Chairwoman--

MALONEY:

--Move a stand alone or he can move the HEROES Act. I now recognize--

ROY:

--Madam Chairwoman--Madam Chairwoman--

MALONEY:

--Congressman Raskin. Mr. Raskin, you are now recognized.

ROY:

Madam Chairwoman--

RASKIN:

--Thank you, Madam Chair. I've got--

ROY:

--Madam Chairwoman--

RASKIN:

--I've got diabetic constituents who are waiting for insulin. I've got constituents with cancer waiting for chemo drugs to come in. But this headline really took the cake for me. Rats reported feeding on packages of rotted fruit and meat as postmaster general's cut backs unleash chaos at California's mail centers. This is from not some haven of liberal fake news. Business Insider Magazine.

Mr. Postmaster General, why do you celebrate on time departure of postal vehicles if the deterioration in service that you regret has caused letters and packages left stacking up in the ,ail centers? Should we be celebrating vehicles going out on time if they don't have peoples packages and letters on them in their--their prescription drugs?

DEJOY:

Sir, we're concerned with every late delivery and every package build up and there are a lot of contributing factors to why, you know, and where--

RASKIN:

DEJOY:

--But let me finish. The--the process is an integral part of delivering mail and is it cost effectively.

RASKIN:

Okay. President Trump called the Post Office--

DEJOY:

--And why would we--why would we--because the alternative is to run trucks late and run extra trips. Extra trips were all empty also. Thousands of them empty (INAUDIBLE)--

RASKIN:

--Forgive me because I have limited time. I cannot allow you to filibuster here. President Trump called the Post Office a joke. Is it a joke?

DEJOY:

The Postal Service is not a joke.

RASKIN:

Mr. DeJoy, if I wanted to become a letter carrier or a mail handler, a postal clerk, would you hire me without a background check?

DEJOY:

We have a process that I do believe includes background checks, so no.

RASKIN:

Yeah, it's compelled. Right? Everybody has got to take a background check except they didn't have one for you.

DEJOY:

RASKIN:

You did have a background check?

DEJOY:

Yes.

RASKIN:

So would you--

DEJOY:

--Background checks, I got secret clearance, I got FBI background checks. I've had everything.

RASKIN:

Okay. So you would be willing to release the background check?

DEJOY:

No. Why would I release a background check--

RASKIN:

--Well, that's interesting. Let me--let me go to Mr. Duncan about that. Mr. Duncan, would you be willing to--to allow Russell Reynolds to turn over the file from this process? Mr. Duncan?

All right, let me come back to you, Mr. DeJoy. The--the former chairman of the Postal--vice chairman of the Postal Board of Governors, Mr. Williams who was also the inspector general also reported that you didn't come through the normal Russell Reynolds interview process but you were apparently the product of different nominations by different political people.

And the astonishing thing about what he said last week was that when you finally were brought in for that first interview, you basically interviewed the selection panel rather than them interviewing you to

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the point that one of the members joked that they had better asked you at least one question so that it couldn't be said that it wasn't a real interview.

Now, you were also reported stating that you weren't sure that you wanted to accept the job and you needed to essentially interview them about what it entailed. What gave you the confidence that the job was basically yours for the asking when you finally met the selection committee?

DEJOY:

Sir, I did not think the job was mine for the asking. I had--I don't know what Mr. Williams' contention is or what his problem is with me. I haven't--

RASKIN:

--He was the inspector general for 13 years at the Postal Service and the vice chair.

DEJOY:

Okay, so--

RASKIN:

--So he--well--

DEJOY:

--He's part--he's authored probably part of the reports that have been stacking up that this committee hasn't done anything about--

RASKIN:

--What do you make of the former chairman of the Postal Board of Governors Mr. Feynman calling Treasury Secretary Mnuchin's involvement in the selection process absolutely unprecedented?

DEJOY:

I--Steven Mnuchin had nothing to do with my selection, Okay? I was I was called by Russell--

RASKIN:

--Did you talk to Secretary Mnuchin about taking the job? There was a report that you had lunch together to discuss this?

DEJOY:

It's totally inaccurate and outrageous.

RASKIN:

You've never talked to him about--before taking the job, you never talked to him about taking this job?

DEJOY:

I talked to him about the job after I received the offer. I did not accept the offer immediately.

RASKIN:

Okay, but you never spoke to him before about the about his soliciting your interest in the job or--

DEJOY:

--He did not solicit any interest. I kept I kept my interest, which I--as you identified, I did not know that I had an interest. I had a perfectly good life prior to this, but I was interested in helping and I was called by Russell Reynolds out of the blue--

RASKIN:

--Okay, one of the reasons that we have background checks, and I'll be very interested with--with your permission and Mr. Duncan's permission to see your background check is that we identify patterns of misconduct or potential conflicts of interest that are out there. Now, you had--

DEJOY:

--(INAUDIBLE) sir, I have no patterns of misconduct in my background--

RASKIN:

--Let me finish my question, if I could--

COMER:

--Madam Chair, he's gone overtime--

RASKIN:

--One of your businesses was called New Breed Logistics, later XPO Logistics, which has contracts with the Postal Service stretching back many years.

MALONEY:

The gentleman's time has expired. The gentleman may answer his question.

RASKIN:

Okay, well the question is they--they identified problems with contract performance in and billing practices in the contract file. Would you consent to releasing that contract file so everyone can see what your business--

DEJOY:

--I--I don't even know what you're speaking about.

RASKIN:

All right, well are you not--are you not aware that XPO Logistics, which took--

DEJOY:

--I am aware of XPO Logistics.

RASKIN:

Okay. So do you have \$30 million invested--

COMER:

--Time, Madam Chair. He's gone way over his time.

RASKIN:

Do you have \$30 million invested?

COMER:

That's--he doesn't--

DEJOY:

--I have a significant investment--

COMER:

--He doesn't even have to answer that.

DEJOY:

--In XPO Logistics, which I vetted before with the ethics Department of the Postal Service and I was given specific types of--of guidelines that I needed to adhere to. It's a very, very small part of the Postal Service business. I have nothing to do with. And I--my my--I complied with all ethical requirements and we have an OIG investigation. Out get--I guess they'll get to everything that you're interested in and we will see what will happen.

RASKIN:

Well

COMER:

Mr. Raskin's time has expired.

MALONEY:

The gentleman's time has expired. The gentleman has been testifying for two hours. I call for a five minute break. We will resume in five minutes. A five minute break.

(RECESS)

MALONEY:

--Now back to work. And our next--Representative Massie, you are now recognized.

MASSIE:

Okay, Madam Chairwoman. Can you hear me?

MALONEY:

Yes, we can. We can't see you, but we--

MASSIE:

--Okay--

MALONEY:

--Can hear you.

MASSIE:

Uh-oh. Let me--you can't see me.

MALONEY:

Okay, turn on your--

MASSIE:

Can you--

MALONEY:

--There you are. There you are. We see you and we can hear you. Okay.

MASSIE:

Okay.

Mr. Massie is now recognized.

MASSIE:

All right. Okay. Madam Chairwoman, I ask unanimous consent to submit to the record to press releases from the U.S. Post Office. The first one's from April 28th, 2011. The second one is from February 23rd, 2012.

MALONEY:

Without objection.

MASSIE:

All right. I want to read some excerpts from these press releases and then ask Chairman Duncan to--to respond to the press releases, because these are from Kentucky.

In 2011, the post office announced, and I'll read this, as a result of a study begun in September 2010, the Postal Service has made the decision to move mail processing operations from the Ashland processing and distribution facility to the Charleston, West Virginia processing and distribution facility. What this means is here in eastern Kentucky, when we mail our next door neighbor, the envelope goes to Charleston, West Virginia before it comes back to our next-door neighbor.

I want to read from this other press release from the U.S. Post Office, the Kentuckiana district. It says as--and this is February 23rd, 2012. As a result of studies begun five months ago, the Postal Service has made the decision to move all mail processing operations from Bowling Green, Kentucky moved to Nashville, Compton Kentucky, Elizabethtown Kentucky, Hazard Kentucky, Lexington Kentucky. Our second-largest city lost their mail processing facility in 2012. Paducah Kentucky moved to Evansville Indiana, and Somerset Kentucky, Knoxville Tennessee.

So, this was in 2012. This was an election year and this was while Obama was president and Biden was vice president. I want to read a quote from chief operating officer Megan Brennan at the time. The decision to consolidate mail processing facilities recognizes the urgent need to reduce the size of the national mail processing network to eliminate costly underutilized infrastructure. Consolidating operations is necessary if the Postal Service is to remain viable to provide mail service to the nation.

Now, the Democrats have cooked up this conspiracy theory that the post office is now somehow going to be at fault for disenfranchising voters or suppressing votes because--and--and the media is complicit in this. They've shown a video of mail sorting equipment being moved out of facilities. Well, here I've just mentioned 10 facilities in Kentucky that were shut down in an election year. And so, I want to ask Chairman Mike Duncan, Mr. Duncan, do you believe this in 2012 was part of some conspiracy to disenfranchise voters in the 2012 election or part of some conspiracy to keep people from getting their medication or Social Security checks?

DUNCAN:

Congressman, I have no knowledge of the conspiracy that--to keep people from voting or getting their Social Security checks. But as a resident of that area, I know that it's added to the number of days it takes to send or receive a letter.

MASSIE:

Right. And--and you--I think--I believe you know that chief operates--chief operating officer Megan Brennan. She was the CEO--O in 2010 and then became postmaster general. Did--do you question her motives in--in the course of these operations?

DUNCAN:

No, I--I worked very closely with Megan Brennan when she was the chief of this organization. And she has great integrity. She knows the system. She's been an operations person. She was a letter carrier. She worked her way up. She leads post office (INAUDIBLE).

MASSIE:

And she has a--a--a business degree from MIT, I would add. So, this--this wasn't a part of any kind of conspiracy then. It was a part of realigning the infrastructure of the post office to the changing needs of the U.S. customer.

And I just want to close by highlighting some irony and hypocrisy. Postmaster General DeJoy, how long will the post office be funded? If there's no more transfers of cash to the post office, how long can you operate?

MALONEY:

Sir, would you turn on your mic, please?

DEJOY:

Late 2021.

MASSIE:

Okay, late 2021, so at least for one more year. I hope that members of this committee are aware that the U.S. government ceases to be funded on September 30th of this year. So, we are holding a hearing about a post office that's funded for fully another year. Meanwhile, we're not even in town because Speaker Pelosi isn't concerned that government funding ends on September 30th. Everything but the post office shuts down on September 30th at midnight if we don't do something.

Also, one other element of irony and hypocrisy, our Democratic shut down 95 percent of the voting precincts and the state, and now Democrats are somehow trying to blame the post office for disenfranchising voters. And with that, I will yield back.

MALONEY:

The gentleman yields back. We know rep--recognize Congressman Rouda.

ROUDA:

Thank you, Madam Chairman. Let's level set. For the thickheaded individuals that don't understand why we're here today, let me sum it up for you.

First and foremost, mail is being delivered late at the expense of those who need prescriptions, at the expense of small businesses who need the supplies to stay in business or reopened for business, for Social Security recipients and veterans who need their benefits. That's the first reason.

The second reason, we've got a president of the United States who says that mail in ballots are fraudulent and if he doesn't win the election, it's because it was fraudulent. We know that's not true. We know that's a lie. In that lie continues to be continued by members in this committee on the other side of the aisle.

Third, we know from a memo from Mr. DeJoy to 46 states telling them they should be worried about receiving mail in ballots to their voters on time and for them to be returned back in time to be counted. And fourth, we're here because the United States Postal Service has requested financial help from this institution.

Let me turn to my questions. Unlike any private enterprise, the Postal Service as a universal service obligation to deliver mail to virtually every address in the United States regardless if it's profitable or not. The Postal Service also has a ridiculous mandate to pre-fund in 10 years time 75 years of retiree health benefits, unlike any other private or public institution.

Mr. DeJoy, in your testimony, you stated that you are against the pre-funding mandate. The Trump appointed board of governors, postal workers, and senators on both sides of the aisle are against that mandate. As you know, there is a bipartisan bill sitting on Mitch McConnell's desk that would eliminate the pre-funding mandate and free up tens of billions of dollars for the U.S. Postal Service.

Here's some free business advice. Pick up the phone. Please call Mitch McConnell, because one vote and one stroke of a pen by this president would free up billions of dollars for the U.S. Postal Service to be able to accomplish the opportunity to revitalize that organization for decades to come.

I have some questions about your business plan. It's standard practice as an executive to come in, meet with your team, and develop a strategic plan before executing operational changes. This was the plan that was released in May just before you became postmaster general. Did you make any written modifications to this plan since you have taken office?

DEJOY:

First of all, sir, I--I--you're--you're incorrect in my position on the pre-funding of the healthcare. In my written--in my written statement that--

ROUDA:

--I know you support it.

DEJOY:

I support it.

ROUDA:

Yes, I--I do--I said that. Yes, you do support it. I recognize that, but back to my question. Have you made any modifications to this business plan?

DEJOY:

Well, I'm working on making modifications to that business plan.

ROUDA:

Yes. In fact, you--on August 13th, developing a strategic plan to achieve operational excellence and financial stability. Is--that plan that you're working on--would it usurp this plan?

DEJOY:

If approved by the board of governors, it--it would. And I must say we--we--we do need to identify that. The legislation also requires the Postal Service to be self-sustaining, and it has not been self-sustaining for the last--

ROUDA:

--And that's why getting rid of the pre-mandate is so important.

DEJOY:

Exactly.

ROUDA:

But I just want to make sure that we are working under a written plan of some kind. If you have made any written modifications in memos to team members, will you provide this committee with that information so we know how you have modified this five-year plan?

DEJOY:

I--when we come out with a plan, we certainly--

ROUDA:

DEJOY:

--I--I--

ROUDA:

--Floating around, right? You can give us a draft--

DEJOY:

--I would not--

ROUDA:

--Can't you?

DEJOY:

I would not.

ROUDA:

You can't give us a draft? I mean, we just got the report with the KPIs showing that you're down 10 percent nationally when we know that in battleground areas it's done even more. So, you are able to get that to us late. Can you give us that information as requested?

DEJOY:

Probably not.

ROUDA:

Let me ask you this. Let's turn to the impact you have had with the internal communications that show senior managers not to even plug in the previously disconnected machines without approval from headquarters. Mail processing equipment and blue collection boxes will remain where they are. Will you tell your workers in the American public right now that USPS employees can plug in disconnected machines?

DEJOY:

I'm--I'm unaware of the directive that you're speaking about.

ROUDA:

Well, it's an internal communication from--

DEJOY:

--I got the--

ROUDA:

--The USPS. So you will then allow them to plug in machines to be able to do their job?

DEJOY:

I'm not going to agree to something I'm unaware of or the memo that you're speaking of--

ROUDA:

--But you know how absolutely insane this is. This is like telling Jamba Juice they can't plug in the blenders to do their job.

DEJOY:

Well then there must be a reason. I didn't do it, but the organization is--has--

ROUDA:

--But you're the head of the unit. You're the head of the business. The buck stops with you.

DEJOY:

The buck on what machine gets plugged in? That's outrageous statement.

ROUDA:

The fact that you're down over 10 percent nationally in service--

DEJOY:

--That has nothing to do with a plugged in machine anywhere--

MALONEY:

The gentleman's time has expired. The gentleman's time has expired

ROUDA:

I yield back. Thank you, Madam Chair.

MALONEY:

The gentleman can't answer the question if he--we now recognize Congressman Ro Khanna. Excuse me, Hice. Congressman Hice.

HICE:

Thank you, Madam Chair. I will just bring up, Madam Chair, if I may the fact that you allowed Mr. Raskin to go significantly over his time while at the same time cutting off Mr. Roy is not going unnoticed. And I think Mr. Roy's point regarding the HEROES Act that there was \$3.4 trillion of swamps pending and did not even extend the PPP, which was what it was supposed to do. But what the Heroes Act did include was universal mail in ballots, no voter ID for all those ballots, ballot harvesting.

It's funny to me that the heroes act, which was supposed to be about COVID help and relief did not extend PPP but it did have a whole lot of voting reform in it but actually brings us into the conversation here today. Mr. DeJoy, let me just--I think you would agree with me, would you not, that the sanctity of the voting box, the ballot box is a paramount issue for Americans. Would you agree?

DEJOY:

Yes, sir.

HICE:

Counsel that concluded that the United States Postal Service improperly coordinated with the Postal Workers Union in support of Hillary Clinton and the investigation, the OSC investigation went on and stated that it was a systematic violation of the Hatch Act that was involved. And in fact, many postal workers had to--were required to work overtime to make up for the absence of all of that.

It is also very interesting that the union we are referring to as a National Association of Letter Carriers, which just 10 days ago endorsed Biden for president. Let me ask you, how many fraudulent votes are necessary for it to be considered too many?

DEJOY:

I have--I don't know, sir. I guess one.

HICE:

I would--I would say one. We don't want fraudulent votes. There's no reason for us to have that. Your predecessor--your predecessor, Ms. Brennan committed to Congress to fully implement some of the recommendations, in fact all the recommendations from OSC to avoid future Hatch violations. So I'd like to ask you what--what kind of changes have you made to prevent these type of violations from taking place in the future?

DEJOY:

Congressman, I--that is not a focus I've had in my 70 days, but I will take a look at the status of that initiative and get back to you.

HICE:

Okay. I would appreciate you getting back with us. You know, I--there's no question in my mind that the vast majority of USPS workers are--are faithful workers, their honest, dedicated public servants. That being said, with the OSC has identified is without question many cases of political bias.

And in fact,--and when you--just lay this out. When you have a union that consists of 300,000 workers and that union comes out and endorses a candidate in this case Biden, and then that union is supposed to be expected to accurately handle and deliver ballots to both parties fairly, does that raise any concerns for you at all?

DEJOY:

Sir, I respect everybody's, you know, right to support candidates and donate to candidates. I've done so myself for 20 years. So to--in my mind, it doesn't raise any awareness on the--you know, concerns with regard to postal workers and their initiatives--

HICE:

--I respect the right--let me interrupt--I respect the rights of independence too--

DEJOY:

--The--you know, we--the Postal Service has 650,000 people and we will have, like the rest of the American society, we will have people that don't pay attention to the laws. But for the most part--

HICE:

--Mr. DeJoy, (INAUDIBLE)--

DEJOY:

--I believe in the ability to donate and support--

HICE:

--I respect your--your--thank you for your answers--

DEJOY:

--The election process.

HICE:

Thank you for your answers and I respect the right for people to vote and support who they want to as well, but this is a case where you have 300,000 workers union that has endorsed Biden and there is there must be in place some sort of mechanism to ensure that the handling of those ballots and--and all political material, election material is properly handled and not in a biased way. And I look forward to you responding to us in the next week or so. I yield back.

DEJOY:

Yes, sir. Thank you.

HICE:

Thank you.

MALONEY:

The gentleman yields back. I now recognize Congressman Ro Khanna.

KHANNA:

Thank you, Madam Chair. Thank you, Mr. DeJoy for being here. I want to see if we can find some common ground to resolve some of the differences. Can you begin by sharing with the American people in this committee the unofficial motto of the Postal Service?

DEJOY:

No--no rain, no snow that--sleet nor hail will make--yes. I can't say--

KHANNA:

--Yes. It's about service, correct? Not about profit. Do you know how many veterans served in the Postal Service, about?

DEJOY:

100,000.

KHANNA:

Correct. Do you know what percentage of veterans, about, rely on the Postal Service for their prescription medicine?

DEJOY:

I don't know, sir.

KHANNA:

It's a high number. It's about 80 percent of veterans. So I guess my beginning, I want to ask you this. You know, our Defense Department, we don't tell them you have to go sell weapons to make revenue to serve the American people. We don't say that about our health service or the National Institute of Health. Why should we have a different standard for the Postal Service? Why do you have to go make a profit instead of just serving the American people?

DEJOY:

Sir, that's an interesting and good question and it's not the wheat need to make a profit, it's to be self-sustaining, which means cover--at least cover your cost.

KHANNA:

But why? At such a small--

DEJOY:

--I'm a--I'm not a legislator. I'm the postmaster general

KHANNA:

Do you do you know--I mean, do you know the history? Do you remember the time in the Postal Service history where that wasn't a requirement?

DEJOY:

I do. In the 70s.

KHANNA:

Actually, it was 1840 to(PH) 1970 we funded the Postal Service. We didn't require them to make a profit because we thought people should--in rural America and other places and our veterans should serve. And one of the reasons people serve in the Postal Service who served in our military as they view it as public service.

Now, I appreciate appreciated one point you made, which is you assume that those of who those who disagree with you have a legitimate difference, a legitimate perspective. Your perspective is that these mail sorting machines aren't required because packages need to be delivered and open up floor space. It's your testimony that you didn't direct it. Director--who directed it?

DEJOY:

I didn't--have not done (INAUDIBLE)--it came probably through our operations, but in a long term--

KHANNA:

--So you don't know who directed it?

DEJOY:

No.

KHANNA:

You don't know who implemented it?

DEJOY:

Well, there's--there's hundreds of them around the country and different places. There's an initiative within the organization that preceded me--

KHANNA:

--Okay, so your perspective is this is necessary to make efficiency of packages. You understand that there are millions of people in America who had the opposite view who are concerned that this may slow down the delivery of mail. Do you have any sense of how much it would cost to restore these machines?

DEJOY:

No, I--I

KHANNA:

Would it be more than \$10 billion?

DEJOY:

More than what?

KHANNA:

\$10 billion

DEJOY:

\$10 billion?

KHANNA:

Yeah. No, right?

DEJOY:

No

KHANNA:

More than a billion--

DEJOY:

--It would be less than \$10 billion.

KHANNA:

Less than \$1 billion?

DEJOY:

I would assume so. It's some 700 machines.

KHANNA:

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So here's my question. Let's stipulate that you may be right about the efficiency. I disagree with you, but let's just stipulate that. Now, we have Donald Trump, the president tweeting out yesterday that he's up in the polls. He thinks he's going to win. Nate Silver thinks--

KHANNA:

--Biden is going to win. I think everyone in this room can agree on one thing, whoever wins the American people should have confidence in that results. So if it was(PH) cost less than \$1 billion regardless of whether it's efficient or not want is the harm in just putting those machines back until election day just for the peace of mind for the confidence of the American people?

DEJOY:

First of all serve you know we do not we have heard all of the statistics about the mail and the votes and so forth and we don't need the machines to process an election but you make a statement to about four \$1 billion if we just gave you \$1 billion, you're not going to give us \$1 billion. We can make a request you have no way of getting us \$1 billion. We haven't been funded in 10 years, you can't pass any legislation, can't pass any legislation that helps the Postal Service make.

KHANNA:

If I can just finish this point if we give you the money do you see my point--

DEJOY:

It's a hypothetical I'm not willing to--you have given us any money you haven't given us any legislation--

KHANNA:

What is the harm? But what is the harm?

DEJOY:

And you are sitting here accusing me of things with regard to--

KHANNA:

DEJOY:

(INAUDIBLE) we will give you (INAUDIBLE) it is just big talk.

KHANNA:

I am trying to understand what most Americans are trying to understand. What is the harm in putting these machines even if the machines in your perspective don't do anything what is the harm to do it until election day.

DEJOY:

In Washington it makes plenty of sense. To me it makes none.

KHANNA:

You haven't explained why and then final question--

DEJOY:

Because they are not needed that's why.

KHANNA:

But if it will restore people's faith in a democracy and avoid a polarized election--

DEJOY:

Get me the billion dollars, get me the billion dollars and I will put the machines in.

KHANNA:

Okay well that's a commitment. We will find a way to get you the money. The last question I have for you is can you you know Reagan said trust but verify. I understand you have committed to the American people that you are going to have these delivered in time. Can you give us a specific and detailed plan and submit that to Congress on how you are going to make sure that the ballots get delivered in time?

DEJOY:

I need to get back to you. If there is a plan that we can I mean normal processing procedures plus enhanced processing procedures around an election I can probably give you some type of summarized objectives that were trying--that we will try to fulfill.

KHANNA:

I appreciate that. I appreciate the commitment of \$1 billion and you will put the machines back into play so thank you.

DEJOY:

Thank you.

MALONEY:

They gentleman yields back. I now recognize Congressman Comer.

COMER:

Thank you Madam Chair and you went over four minutes so I may go over a few minutes and I hope you will indulge me in my questioning.

Mr. DeJoy thank you again for being here today. I'm sorry for some of the rhetoric that you have had to endure over your first 60 days in office area that is something I want to remind everyone. You have been Postmaster General for around 60 days, is that correct?

DEJOY:

Seventy today.

COMER:

Now I want to make this very clear to the American people who are watching this committee hearing. You report to the Postal Board of Governors, is that correct?

DEJOY:

COMER:

And the Postal Board of Governors is a bipartisan board comprised of both Democrats and Republicans, is that correct?

DEJOY:

It is, sir.

COMER:

And its makeup is that way because of the statute passed by Congress requiring a bipartisan board of governors, right?

DEJOY:

Yes, sir.

COMER:

Well, if there's one thing I hope my Democratic colleagues learned today is that you report to the board of governors not the president of the United States. Now there's been a lot of rhetoric by my friends on the Democrat side of the aisle pertaining to all of the changes that have been made. In fact I want to reference a tweet by Representative DeFazio I assume this is a photo op where he has chained himself to one of the blue boxes that have been in the news a lot lately.

In your opening testimony Mr. DeJoy you said you didn't remove--you didn't order the removal of the blue boxes, sorting equipment or the reduction of over time. Can you explain to us who did and what that process was because I think it's important for the American people to know because there are a lot of Democrats here even though they have talked about politics and they have talked about the fact that the president wants to sabotage the election the Democrats are using this as a political ploy.

They are spending this to try to benefit politically. In fact Representative DeFazio has received \$32,000 from the Postal Workers Union since 2012 so I am sure his campaign donors probably appreciated that photograph but again if you wouldn't mind telling us about the process briefly of the removal of the blue boxes to order them and how that came about?

DEJOY:

So sir this is a long-standing thing that has been going on in the Postal Service for a long time. This you know the fact that I am here at the committee to talk about boxes and things I would much rather take the time to talk about the legislation we required to help got us into a sustainable position and other matters that concern the Postal Service. It had nothing to do with boxes or machines or restricting over time or throwing the election or anything.

COMER:

Will correct me if I'm wrong, on average about 3 100 collection boxes a year over the past seven years have been taken off-line dating back to the time when Obama was president is that correct?

DEJOY:

It has been a long time, yes.

COMER:

Am I correct to say this, when--during the Obama Biden administration they removed 12,000 blue boxes? Is that correct?

DEJOY:

I--I think 35--I think there was (INAUDIBLE) it is just hard for me to associate box removal with the President of the United States so you guys can do that here. I have a hard time.

COMER:

Mr. Postmaster General do you remember the Democrats calling for the then Postmaster General to resign because President Obama removed 12,000 blue boxes? Do you remember that?

DEJOY:

I don't think I ever recall--

COMER:

I don't either.

DEJOY:

Postmaster General to resign.

COMER:

So let's--let's be very clear removing these sorting machines the blue boxes that were removed they won't affect the Postal Service's capacity to handle ballots this election season. You have testified as to that, correct?

DEJOY:

Yes, sir.

COMER:

Correct. Now the Democrats want to portray you as implementing new policies because of the false narrative that the president wants to somehow sabotage the election. Is that narrative true?

DEJOY:

I am not engaged in sabotaging the election.

COMER:

Absolutely false. As a matter of fact are you planning on voting by mail? Did someone tell me that?

DEJOY:

I am, yes.

COMER:

So you have full confidence that when your ballot is in the mail it will get to the appropriate election official on time? Obviously, correct?

DEJOY:

Yes, sir.

COMER:

Will you pledge here today that the Postal Service will do its best to return all ballots this election on time?

DEJOY:

I do, sir.

COMER:

What would you tell Americans who are concerned about something happening to their ballot once they put it in the mail this election season? What would you tell Americans because they have seen a lot of that from my colleagues on the Democratic side, this has been their spin since the Russian hoax fell flat, since the impeachment sham died in the Senate.

Every conspiracy theory today that the Democrats have used to try to hurt the president has fallen flat so this is the new flavor of the day and it has have the consequences of putting a lot of Americans concerned that if they drop that absentee ballot in the mail that it's not going to get to the postal--that it's not going to get to the election the official. How can you relieve their--their fears that the Democrats have caused?

DEJOY:

The American people have the commitment of the 650,000 men women and men of the United States Postal Service that we will do everything within our power and structure to deliver ballots on time but again we remind them to request your ballot early and vote early.

COMER:

You know it is really discouraging to hear the rhetoric from the Democrats about this whole postal issue. My grandmother was a rural mail carrier in Tennessee, spent her whole career as a rural mail carrier. The--the men and women I know in the Postal Service work extremely hard and they deserve better than the rhetoric and the postal bashing that has been coming from the other side all for political purposes.

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We all want to see the post office succeed especially in a district like mine, a very rural district that-- that still hasn't recovered from what Congressman Massie mentioned the changes that Obama made when he took these sorting facilities out of Bowling Green, Kentucky and Paducah, Kentucky but I--I will close my question with this.

This is a sad day for the Oversight Committee. The Oversight Committee is responsible for identifying waste, fraud, and the abuse. The Oversight Committee is supposed to be responsible for making government transparent and accountable.

Postmaster DeJoy you have come here with a sterling background. You are one of the most qualified postmaster general's we have ever had with your background in the logistics business. It is an honor for the federal government to have you trying to reform the post office but the bill that the Democrats rushed through Saturday without even having a committee hearing on it

COMER:

That bill ties your hands, and it also gives \$25 billion to the Postal Service, which I find ironic because Mr. McGovern in the rules committee markup on Friday said he didn't trust you. We've had a couple of other Democrats say that they didn't have confidence in you, but they gave you a \$25 billion blank check with no strings attached. They've tied your hands to where you can't make any needed reforms. That's not what the--this committee is supposed to be about. I apologize as a minority member of this committee. I hope that we can do better in the next Congress. Madam Chair, I yield back.

MALONEY:

The gentleman yields back, and I--I recognize myself for a point of personal privilege and information. The bill that the House past that I authored, I authored that bill after the postmaster general came forward with changes to the post office that slowed the mail down.

It does not in any way hinder any effort to make the post office more efficient and effective. It also--

COMER:

--Madam Chair?

MALONEY:

I--I also funded the post office because it deserves to be funded. It's a--it's a national treasure. It's a national service. And I now recognize Mr. Mfume--

COMER:

--Madam Chair--

MALONEY:

For five minutes. Mr. Mfume?

MFUME:

(OFF-MIC)

MALONEY:

Mr. Mfume, would you turn on your mic, please?

MFUME:

Thank you, Madam Chair. Some of us represent dearly the people we represent, so in no way--and I want to assure members of this committee that this is some sort of hoax. We're here, Mr. DeJoy, as you might imagine, because we've been hearing from the people who hire us, people who live across this country in our districts. And so, for me, that's the people of Baltimore city, Baltimore County, and Howard County, Maryland, just like all of my colleagues have others, I'm sure, who've complained.

And I just want to keep this focused on the face of those people. These are senior citizens like you would like me. They've worked hard. They're at a point in their life where they depend, like they've always had--had depended on the mail. Some of them have high blood pressure. They wait for their medications. Other have heart trouble. They wait for their medications.

These are citizens, men and women, who put on a uniform in various wars and conflicts and represented us and rely daily on the mail for their checks, their VA checks, for their medicines. These are small business people, like you used to be and many of these members of the committee may have been, who watched of their small business compete now not being able to keep abreast of basic things that they rely on to come through the mail.

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And then there are just average citizens, somebody who wants to pay a bill because they don't believe in the Internet and they believe in writing an old-fashioned check, and then they are told by the company that they're being charged now with a late fee because it didn't arrive on time. So, these are real, real stories. And when the mail slows down, it has disparate impact on communities, and a particularly on communities of color around this country.

These changes, Mr. DeJoy, I assume are changes that you have vetted, I'm talking about the ones you've implemented, with the board of governors. Is that correct?

DEJOY:

The change--the organizational change and the requirement to--with the--and the initiative to have the trucks leave on time were within my authority. But I had--so, I had discussed them prior to--

MFUME:

--Well, let me ask this. Major changes are required to have an advisory opinion, is that correct, before they're submitted to the board of governors?

DEJOY:

That is not the change like the--major change--there is some--some level of change, that is closing plants and so forth, we need to go to the PRC for--

MFUME:

--And do you have--do you have analytics to sort of justify the changes that you've made? And if so, could you provide them at a later date to this committee?

DEJOY:

We--I--I need to get back to you on that.

MFUME:

Okay. It's my understanding that the removal of mailboxes, whether it was 20 years ago, 30 years ago, or last week, require density studies. Is that still the case?

DEJOY:

I believe it is. And we've got--

MFUME:

--Could you--could you supply to this committee the density studies for the last three months? Because there's been an accelerated removal of boxes, and accelerated removal of sorting machines, 671, to which you said earlier you would not put back online.

And I'm--I'm--I'm not a conspiracy theorist, but I don't believe that Humpty Dumpty fell. I think he was pushed. And when I see these sort of things back up in such a way that we get your report, dated August 12th, that says, yes, there has been an 8 percent decrease in mail arriving on time, a 9 percent decrease in periodicals arriving on time, and a decrease in virtually all other classifications, it just makes some of us a little suspect. And I'm sure you would understand that.

Let me ask you, are you familiar with the expedited to street afternoon sorting program?

DEJOY:

I am.

MFUME:

It was introduced on 25th of July.

DEJOY:

Um-hmm.

MFUME:

It affects 1,200 ZIP Codes across the United States. Are you aware of that?

DEJOY:

I am aware that it affected a lot of ZIP Codes, yes.

MFUME:

DEJOY:

I'm aware of what the process was. And whether it was long-standing procedures, the--the intention of the--of the plan is to adjust for the decrease in mail volume and get back on schedule. And that was a pilot. It wasn't a change. It was a pilot program to make a--to marry up the delivery--the carrier delivery to--to--to homes and businesses with the schedule that--of incoming mail from--from the destinations.

MFUME:

Are--are you aware that the National Association of Letter Carriers filed an official grievance against that program?

DEJOY:

I--I am, but I will tell you, before that program--before that pilot went--went off, the--we checked the--we had a discussion with the union leadership and they were agree--amenable to--to rolling out the program.

MFUME:

And--and just before I yield back my time, sir, what would you say to those veterans, though senior citizens, those average Americans, and those small business people who have been disproportionately impacted in the last five or six weeks because of this slowdown?

DEJOY:

We--we are--we are concerned about every delivery that is--that is late, and we're working very, very hard to get back on track.

MFUME:

Thank you, Madam Chair.

MALONEY:

GROTHMAN:

Fine. Can you hear me now?

MALONEY:

Yes, we can hear you. We're not seeing you yet, Mr. Grothman. There you are.

GROTHMAN:

Oh.

MALONEY:

Okay.

GROTHMAN:

Sure. Okay. First of all, thank you for being here, Mr. DeJoy. Sorry. I think some of the questions have been unduly rude. But I--I--I'll throw the question here. What percent increase in regular mail deliveries do you anticipate because of the election this October, say, compared to last October?

DEJOY:

I'm sorry. I didn't hear the question.

GROTHMAN:

What percent increase in mail deliveries do you expect this October compared to last October because of the election?

DEJOY:

I--I think the election mail, if--will run--it's about--over the course of a month, about 2 percent of normal--normal mail.

GROTHMAN:

Think about a 2 percent upper. Could you compare that to other days or times, around Christmas, for example? Any other bumps?

DEJOY:

I--I think that the narrative goes like Mother's Day is higher, Christmas is--Christmas is--is higher. You know, we've just handled census mail. So, it is--it is not--it's not a lot of mail, but it is critical. I mean, there are cutoff dates. It's not a Mother's Day card. It's a ballot and it's important. So, we--we put extra effort to make sure that it gets there on time.

GROTHMAN:

Okay. But you don't consider it--say compared to how much mail you had maybe three years ago or the amount of mail--

DEJOY:

--No, it's--it's--

GROTHMAN:

--At Christmas. This is not an usual volume.

DEJOY:

--It's not a volume issue, sir. It's just that every ballot counts, so we want to get every one of them.

GROTHMAN:

Okay. I know here in Wisconsin, I assume nationwide, there's postage that comes with the absentee ballots. As a matter of fact, in Wisconsin, there's postage going out and postage coming back. Do you have plans to deal with the additional postage that you're going to get on the--on the--on the election?

DEJOY:

I--you--you broke up, but I think I--okay, I think I can guess at what you were trying to get at. We are not charging anything extra for anything. All our rates and classifications are--are

--That--that wasn't the point. That wasn't the point. In Wisconsin--

DEJOY:

--Um-hmm--

GROTHMAN:

--the local unit of government that issues the absentee ballots pays to have the ballots sent out and actually puts a stamp on each ballot that's coming back. So, at least in Wisconsin, you should be getting more revenue in with the election. What do you plan on doing with the additional revenue you're getting in, or do you plan on doing something special at all?

DEJOY:

I don't know--I'm not understanding how we would get extra revenue. We--one way or another, we would have had a stamp on it going out and/or a stamp--

DEJOY:

--(INAUDIBLE) coming back. In any case, the revenue will come to--any revenue we get, if it was additional revenue, will go to cover our losses.

GROTHMAN:

I'm assuming that when you get additional revenue, you will like it went more Mail is being sent because you have fixed costs, you're even ahead of the game if you have more Valentine's Day cards or Christmas cards or, in this case, more absentee ballots or whatever.

DEJOY:

We love mail.

GROTHMAN:

Is that true? Right. So you should be happy. And are we happy? Okay, that should put it on--on firmer ground. You right now, have a I'm told about \$14 million--billion in the bank. Do you anticipate the election causing that to be run down at all or do you anticipate it going up? Will it have any dent on it?

DEJOY:

I don't think it will have too much of an impact in either way?

GROTHMAN:

Okay, so if you have \$14 billion in the bank now, you're still going to have \$14 billion on, as far as you know, on December 1st.

DEJOY:

It--it just depends. We lose--we'll probably lose \$10 or \$11 billion this year, so depending on how package volumes stays, we could have less cash. And if I--if I may, having \$14 billion and being we also have--I have \$12 billion worth of liabilities that need to be paid at some time over the next--next six months. We have \$135 billion of liabilities.

We are running 633,000 person organization that does not get funding--even though the federal government ends in September, they have an expectation of getting funding. We don't have an expectation of getting funding. So we have to dried crossed out and increase--increase revenue. And that's the big difference that we have than any other agency. So \$14 billion. It sounds like a lot of money. It's not a lot of money for what we do.

GROTHMAN:

Right, but you anticipate still having money in the bank after the election. That's the point I'm trying to make.

DEJOY:

We'll have--we'll have cash. Yes.

MALONEY:

The gentleman's time has expired. The gentleman's time has expired. The gentleman may answer the question.

GROTHMAN:

Thank you very much.

DEJOY:

We--we will we have--we have plenty of operating capital right now to get through November, yes, and handle the election.

GROTHMAN:

Thank--thank you very much.

MALONEY:

The gentleman yields back. Congresswoman Wasserman Schultz is now recognized.

WASSERMAN SCHULTZ:

Thank you, Madam Chair. Mr. DeJoy, the culture and ethos of the U.S. Postal Service is every piece every day. I've been in briefings with Florida's local Postal Service employees who are telling me that since your arrival, this is no longer the mission of USPS. Overtime to finish delivering mail is not allowed and piles upon piles of backlog mail are being left undelivered. Sorting machines are being sold for scrap or unplugged and roped off. My first question, is it still the policy and goal of the USPS to deliver every piece every day or have you illuminated or changed that in anyway?

DEJOY:

First of all, that is misrepresentation of any action that I have taken. But yes, the goal is to get--to deliver every piece every day. And man, we were not doing that before I got here. And my goal is to--

WASSERMAN SCHULTZ:

--Okay, well it's gotten--reclaiming my time, it has clearly gotten worse since your arrival. We have piles upon piles of mail that, as a result of the changes that you've made, appear to have delayed the

mail even further then supposedly they were delayed previously.

DEJOY:

Change.

WASSERMAN SCHULTZ:

No--

DEJOY:

--The change I've made.

WASSERMAN SCHULTZ:

Well, the changes that you've made.

DEJOY:

Change. I've made one change.

WASSERMAN SCHULTZ:

Well, I'm sorry. You've made far more than one change.

DEJOY:

That's not true.

WASSERMAN SCHULTZ:

Okay, reclaiming my time. You're not being honest with this committee.

DEJOY:

That's not true. I am being honest.

WASSERMAN SCHULTZ:

Okay. I would ask that the chair add time back and direct the witness not to interrupt me.

COMER:

Madam Chair--

WASSERMAN SCHULTZ:

--Mr.--Mr. DeJoy--

COMER:

--Let's allow the witness to answer--

WASSERMAN SCHULTZ:

--I'm sorry, reclaim--

COMER:

--The questions. That's a false accusation--

WASSERMAN SCHULTZ:

--Reclaiming my--reclaiming my time. I did not interrupt any other member while they were talking and I expect not to be interrupted. The time is mine. Mr. DeJoy, you are not being honest without--about--with the committee about removing the sorting machines. We have been asking you for details for weeks and you have been hiding them from us while removing them at a brick breakneck pace.

On August 4th, your staff gave this committee a briefing on this issue and all they told us was that you would be moving machines around to where they were needed most. We have the slides from that briefing. There was no mention of taking any sorting machines offline. On August 11th, your general counsel responded to our request for more information with no mention of taking any sorting machines offline.

Your culture of misinformation has even trickled down to Florida postal leaders leadership. On August 14th, my office asked whether sorting machines were being removed at the Royal Palm facility which covers all of South Florida and were assured the capacity with actually being expanded.

But it was only after I spoke with local postal workers that I was told about the FSS (SP) machine in Royal Palm, which had been shut down and roped off since July. Press outlets finally revealed the

You were not transparent. We had to get it from news reports. I want to take this opportunity to enter into the record, Madam Chair, and August 18th 2020 email from USPS Director of Maintenance Operations Kevin Couch. Madam Chair.

MALONEY:

Without objection.

WASSERMAN SCHULTZ:

The email reads, "Please message out to your respective maintenance managers tonight. They are not to reconnect reinstalled machines that had been previously been disconnected without approval from headquarters maintenance, no matter what direction they are getting from the plant manager."

Mr. DeJoy, yes or no, Andy you've indicated in this committee hearing that it's not your job to decide about whether sorting machines are on or offline, but at the same time, you told Mr. Khanna that you won't bring them online because they're not needed. So yes or no, had any plant managers requested mail sorting machines be reconnected?

DEJOY:

First of all--

WASSERMAN SCHULTZ:

--Yes or no--

DEJOY:

--I--I disagree with the premise--

WASSERMAN SCHULTZ:

--I'm not asking you anything other--

DEJOY:

--And I have (INAUDIBLE) all these things--

WASSERMAN SCHULTZ:

--Reclaiming my time, Madam Chair. Yes or no--

MALONEY:

--Reclaiming her time. Yes or no answer --

WASSERMAN SCHULTZ:

--Yes or no, have any plant managers across the country in the USPS requested mail sorting machines be reconnected?

DEJOY:

How would I--how would I know that?

WASSERMAN SCHULTZ:

You're in charge. You don't know whether there are--there are plant managers that have requested--well let me just--

DEJOY:

--No, I don't know--

WASSERMAN SCHULTZ:

--Let me just assure you that there are plant managers that was reported in the--in the press in--in both Washington--I--there are plant managers in Texas, in Washington, and I have articles That I can show you that have asked to have sorting machines reconnected and brought back online and they've been too scared to come forward to say so. So you--you've indicated that it's local leadership. In this hearing I heard you say it's not your job to decide whether sorting machines should be brought online or not--

UNKNOWN:

(INAUDIBLE)

Someone needs to mute, Madam Chair. Madam Chair, someone needs to mute.

MALONEY:

Please--please mute your--people that are listening, please mute.

WASSERMAN SCHULTZ:

I probably I need probably about additional 30 seconds from the interruptions added back onto my time, please. You have said in this hearing it both not your job to make decisions about sorting machines and at the same time you've said that you're not going to bring them back online because they're not needed. It can't be both.

So my local my local bar--bar code, my local handlers who work with sorting machines regularly, and this specific barcode sorter machine had assured me that it would not be difficult to plug it back in. How difficult would it be to reconnect machines that haven't already been destroyed?

For example, on display, if we can bring that up on the screen, I was sent a photo from a processing and distribution center in Florida where the power cord is hanging from the ceiling and not plugged in. And my local handlers tell me that the sorting machines regularly and that hand--that specific machine, specifically that it would not be difficult to plug back in.

Do you believe that it is the local handlers job to decide whether they need a sorting machine and will you give them the freedom to plug the machines back in and bring machines that haven't been taken apart back online in order to make sure we can get the Mail out on time? Which you acknowledge has gotten worse since your arrival?

MALONEY:

The gentlewoman's time has expired, but the gentleman is requested to answer her question.

DEJOY:

That was a long list of accusations--

MALONEY:

DEJOY:

Well, it's my time now. Is it my time yet?

WASSERMAN SCHULTZ:

No, no. It's always my time and I'd like an answer to the question--

COMER:

--Her time has expired--

WASSERMAN SCHULTZ:

--I'm sorry, I'd like an answer to the question whether or not you will leave it--

DEJOY:

--We--we have a management team that--the management team that is responsible for making decisions as to what--what--what machines are used and not used.

WASSERMAN SCHULTZ:

But those things are decided locally--

MALONEY:

--The gentlewoman's time has expired--

COMER:

--Her time has expired--

WASSERMAN SCHULTZ:

--Will you let them decide that locally--

MALONEY:

COMER:

--Time has expired--

WASSERMAN SCHULTZ:

--Yes or no, will you let them decide that locally--

COMER:

--Time has expired--

DEJOY:

--No--

MALONEY:

--Congressman Higgins, you are now recognized--

WASSERMAN SCHULTZ:

--Okay, well then you have you have not told us the truth in this hearing and it is your fault--

COMER:

--Her time has expired--

WASSERMAN SCHULTZ:

--That mail has been late--

MALONEY:

--The time has expired--

COMER:

--Madam Chairman, her time has expired--

--Your fault--

COMER:

--Her time is expired--

WASSERMAN SCHULTZ:

--It's on you and you've acknowledged that--

COMER:

--Her time is expired--

MALONEY:

--(INAUDIBLE) response in writing. Okay. Congressman Higgins, you are now recognized.

HIGGINS:

Thank you, Madam Chair. That was quite a debacle. This is--this is exactly--this hearing right here is exactly why America does not trust Congress. Our cities are on fire. Violent mobs roam our streets at night. The Chinese have crushed the American economy with a virus and Democrats are talking about a mailbox conspiracy. Postmaster General DeJoy are you aware of any evidence whatsoever that supports a mail delivery conspiracy?

DEJOY:

No, sir.

HIGGINS:

Would you repeat that, sir?

DEJOY:

No, sir.

The question as answered America needs to hear are you aware of any evidence whatsoever of some kind of a mailbox or mail delivery conspiracy?

DEJOY:

I am not, sir.

HIGGINS:

Postmaster General thank you for being here today. Let me ask you, are you here on subpoena or voluntarily?

DEJOY:

I am here voluntarily.

HIGGINS:

Well, you are a better man than me because you are sitting attempt after attempt by my colleagues across the aisle to assassinate your character and might I suggest to you sir as a--as an American patriot and a constitutionalist if I was you I wouldn't appear before this committee without a subpoena in the future.

Congratulations on your character for being here voluntarily to submit your cell to this harassment. During the course of your live time sir I will be 59 today I cannot remember a time when the Postal Service was not in some sort of financial trouble. Do you recall any time, sir? Some sort of an era that I am not recalling that the Postal Service was totally squared away, operating within budget and was never--was never in financial trouble?

DEJOY:

I think in the late 90s and early 2000 few years it was--it was covering its cost and happy birthday, sir.

HIGGINS:

Thank you, sir that is very kind of you. I recall these same. Out of the last--out of the last 40, 50 years there's only been a couple of years where there was anything that could be described as financial stability in the Postal Service. I mean dedicated men and women but the fact is that (INAUDIBLE) are legendary within the Postal Service so let me just ask you postmaster why did you accept this job? Tell America why you took this job.

DEJOY:

Sir, I have certain experience--certain experiences in my life businesswise with large projects and large logistical--

HIGGINS:

Well, we know that you are qualified, sir, I get that. America needs to hear from your heart why did you accept this job, this incredible burden to serve your government and your nation in this way what was your purpose?

DEJOY:

I have been active in my community and the country and most of my adult life and this is something that was ask of me to participate in that I think I can help and fix and lead to a better place and that is why I took it.

HIGGINS:

Well, from--from this American and from my constituents thank you, thank you, Sir, for taking on this burden and this task. You know one would think that perhaps next week the oversight committee will have a hearing suggesting that smoking cigarettes could cause cancer. Who did not know in America that the Postal Service is constantly going through modernization efforts, attempts to become more efficient, struggles to be calm solvent into the future. You handle a lot of mail do you not? I have one question in closing sir.

My understanding is you have about 471 million pieces of mail a day. Can you handle the mail of the election cycle given the fact that about 150 million Americans are registered to vote and your--your average mail delivery is 471 million a day, can you handle the mail delivery for the election cycle good sir?

DEJOY:

The whole organization is committed to delivering election mail and we will do it.

HIGGINS:

Roger that. Thank you sir. Thank you for appearing before us today. Apologize on behalf of America for the way that you have been treated by my colleagues across the aisle. Madam Chair, I yield back.

MALONEY:

The gentleman yields back. Congressman Sarbanes you are now recognized.

SARBANES:

(INAUDIBLE) thank you postmaster for being here with us today. I will be candid I don't trust you right now. I don't know whether it's I don't trust your judgment or I don't trust your motives. If you think you could implement the changes you did without having the negative impact that we have seen then I worry about your judgment and if you did understand what that impact would be then I'm concerned about your motives but you got an opportunity here today to demonstrate to us that your judgment is sound and that your motives are peer.

You are a businessman, we have heard a lot about that today. You are an expert apparently in supply chain management which requires a lot of planning, specifics, details all kinds of minutia, correct?

DEJOY:

Yes, sir.

SARBANES:

On Friday when you were in the Senate you said quote as we head into the election season I want to ensure that the committee and the American public that the Postal Service is fully capable and committed to delivering the nations election mail securely and on time. This sacred duty is my number one priority between now and election day. Is that what you said?

DEJOY:

SARBANES:

And you said it again today the idea of getting the mail to people securely and on time. I have to tell you I am very concerned about the issue of what is going to happen with the mail ballots, we have heard that from others today. We have a president freely admitting that he is opposed to USPS funding because he is hoping that they hobbled Postal Service will be able to handle mail balance and your own general counsel has warned of 46 states that mail in ballots may not be delivered on time.

Traditionally as you know the Postal Service is always prioritized sorting election mail separately and pushing it out as fast as possible including daily sweeps of mail facilities for any election mail otherwise missed in process. Yet the states and localities that have been left wondering if this is no longer the case and what the presidents continued broadsides against mail-in ballots will mean in practice for those efforts.

On Friday again to the Senate colleagues of errors you said first class or better treatment of election mail would not change. Quoting you in response to Senator Peters you said yes, sir, we will deploy processes and procedures that advance in the election mail in some cases ahead of first class mail.

Now I will note that on the website bears an FAQ to election officials that says they should use first-class mail or a higher level of service for election mail using USPS marketing mail service will result in slower delivery times and may increase the risk that voters will not receive their ballots in time to return them by mail so you are saying that the post office is going to handle this on a first-class basis with the same the FAQ is telling election officials that they should take responsibility for otherwise the marketing mail service will come in more slowly so we have heard about your commitment to our seven colleagues you cited again today but to be honest Mr. Postmaster General we need something in writing that would be very helpful a defect detailed accounting of how exactly were going to execute on your promises, you are a said specialist in logistics so we want to know what are you doing at USPS to make good on these words.

How is USPS designing its interface with states and localities with election mail vendors and others to ensure that ballots get priority treatment?

We need written policies and directives not just words. I assume you know that USPS has long offered memorandums of policy to ensure the systemwide execution of key policies and procedures. I was

immediate issuance of a formal USPS policy in writing that will guarantee all delivery of election mail is treated as first-class or better for the 2020 channel election can you do that for us?

DEJOY:

I don't--our processes to do that physically I will have to get back to you one what I can give you in writing on that.

SARBANES:

We would like to see that in the form of a memorandum so we can verify the commitment that you are making. (INAUDIBLE).

DEJOY:

First-class mail is a classification of the mail and then we are talking about a physical process so we could advance mail in front of first-class but still not call it first-class mail.

SARBANES:

I am just saying I'm just asking to see in writing a memorandum on this that the post office in the public and we can get some confidence from peer the other thing is we have talked and I'm running out of time but we talked about your ability to issue these reports.

Could you commit as well today that you will give us some data, specific updates on how the efforts regarding the mail ballots are going and do that on a periodic basis, weekly perhaps? That would be very, very helpful. Could you do that?

DEJOY:

Yeah, what I will do sir is I will commit to give the committee an update on the improvement of these service let's say next Monday where we stand on the service and I need to check if we can get down to the individual ballot level. I will see what we can do there.

SARBANES:

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That would be very helpful. I appreciate it. That will help demonstrate that you take this sacred duty seriously.

DEJOY:

If I--if I can just add the letters that went out to the state was not a warning or was--was not a--an indication that we would--slowing these down. It was trying to educate the state--state govern--election officials on what the process was. This is been done in--years in past. With the pandemic, we--we increased the content because we knew the vote by mail would be--be higher.

It's really--we have reached out to over--we have made 50,000 contacts with state and local officials in our regional areas and through--through headquarters to try and integrate their processes with our processes so we would have a--a--a safe and secure election.

MALONEY:

Thank you. The gentlemen's time is expired. Congressman Gibbs, you are now recognized.
Congressman Gibbs?

GIBBS:

Thank you, Madam Chair. Mr. DeJoy, I've got to apologize to you, some of the behavior. Can you hear me because my thing went--

DEJOY:

--Yeah.

MALONEY:

We can hear you and we can see you.

GIBBS:

Oh, okay, because--okay.

MALONEY:

--Um-hmm.

GIBBS:

There's a loss. Okay. Postmaster general, I want to apologize for some of the treatment you had today. You know, obviously by what I was hearing, you don't really need this job. You didn't really need to take this job. And I'm not going to ask you directly if you did need to take this job.

But I'm assuming you didn't need to take this job, just like most people in the Trump administration, including the president, didn't need to take this job, but they did for the love of country and they want to make this country better and help people. And I think you fall into that category, so I'm going to apologize for some of the statements made today that were very disturbing to me. And you're just trying to do your job.

When you were hired to do this job by the board of governors, Mr. DeJoy, did you ever have any discussions with the president from--on--on what to do to the post office or what you--what you should do, or was it just the support letters?

DEJOY:

I--I never spoke with--with the president about the Postal Service prior to getting--getting the position, and I have not spoken to him about anything regarding the Postal Service since.

GIBBS:

So, you were brought in--so, you were brought in to do this job, to help be more cost efficient, make changes, so obviously the Postal Service (INAUDIBLE) to do their job and--and--and get--get out of the red. And so, you--you're--you know, you're doing your job and now they come after you, attacking you for doing your job.

Now, we've seen--I think we all are in agreement that first-class mail has dropped considerably, but packages, or third-class or however you categorize it, has increased significantly. And that's one of the reasons why it you're making some changes, for efficiency, cost efficiencies.

And we've had a lot of discussion about the--the sorting machines. Now, is it true to say that the--for what the mail volume is, even with the additional census and the additional ballots that, you know, Christmas is higher mail time than anything else, there's still going to be enough sorting machines to do this and--and--and you're also going to be able to move the packages by making the changes you're making? Is that a true statement?

DEJOY:

Yeah, we--we should--we will have plenty of sorting capacity.

GIBBS:

Okay. Some of the other delays, COVID-19, what--the absenteeism rate in the Postal Service, I saw there was an article here a couple months ago about the Postal Service took a very liberal policy about making sure that people don't come to work if they're--have a temperature, obviously.

That's--probably made a lot of good common sense. Are--are we having trouble filling on a day-to-day basis--getting drivers and mailmen, getting--or, you know, a--a lot of shortages of--of personnel, or what's the--

DEJOY:

--Yeah--

GIBBS:

--What's the situation with that?

DEJOY:

Across the country, our employee availability is down three--3 percent to 4 percent on average across the country. But the issue isn't some of the hotspots in--in the country, areas like Philadelphia, Detroit, and there's probably 20. The averages cover that, and they're down. They could be down 20--you know, 20 percent, and that's given us--that is contributing to the delivery problem that we're having.

GIBBS:

Yeah. I--you got challenges, I--and just wanted to make that point.

You know, I believe the vast majority of our postal workers are honest public servants. And the Office of Special Counsel is found in many instances there's political bias. Back in the--in the 2017 report--back in the 2016 campaign, they were biased towards Hillary Clinton. Considering the substantial

increase in mail in ballots this November, what steps do you think the post office take--can ensure that political bias does not factor into the delivery of ballots that folks see from that report?

DEJOY:

I think--I have not re--reviewed the report, but I--I have full confidence in the 650,000 men and women of the Postal Service that they will handle election mail safe and securely. Like the rest of the country, there are--there are individuals that do things they shouldn't, and we--yeah, we--we have an inspection service and management team that look for that kind of stuff. But I have full faith that we'll--we will deliver on--on a safe and secure election.

GIBBS:

Well, I appreciate--I appreciate that. I appreciate that. Some of the challenges you have for states, I know here in Ohio in the primary election that people could request ballots to be mailed out to them on the Saturday before the Tuesday election. And--and I--I think that is a real challenge, but I think a lot of states do that. So, what's the post office doing to--to try to make sure--or working with states to--so people realize that if you request your ballot, you know, on the weekend before Tuesday, the election, there might be a challenge of getting the ballot?

MALONEY:

(OFF-MIC) expired. The gentleman may answer his question.

DEJOY:

I--I think he asked--I couldn't hear. It was breaking up. But with regard to the--the--and that's one of the reasons that we are working with the--with the state election officials, to--to--to make sure and to educate the--the public. We will be sending a letter out to every American, again, with--you know, describing our participation in the electoral--election process and, again, requesting the--request their ballot early and to vote early.

But when it gets down to those last--those last days, that last day, we will have various procedures, sweep procedures, expedited--I mean, I've heard stories of postal managers running ballots over to the election board. So, we're going to do everything we can to make sure every ballot gets where it needs to be.

Thank you. Congressman Welch--

GIBBS:

--I'm sure. Thank you. That--that is something--

MALONEY:

--You are now recognized. Congressman Welch?

GIBBS:

--(INAUDIBLE) the mail.

WELCH:

Thank you very much. And I want to thank Postmaster General DeJoy and I want to thank the chairman of the board, Mr. Duncan, for your patient answering of our questions.

As both of you know, it was President Nixon in 1970 who signed a very major postal reform bill to guarantee the independence of the post office. And on the Postal Service website, its history speaks about that bill is something that was to "remove the Postal Service from politics." And I assume that both of you agree that that is an essential mission of the post office.

DEJOY:

Yes, sir.

WELCH:

Mr. DeJoy, I'll ask you--all right. And Mr. DeJoy, I--I have asked for a document labeled DeJoy political donations chart to be presented. And I'd ask a--I want to ask a few questions about that.

Mr. DeJoy, I mean, obviously you have the right to make political donations within the law, and I have a dispute with that. But I do want to go through them because of these questions are being raised. According to the Federal Election Commission records, since 2016 you've donated 300--\$3.2 million to Republican candidates and committees. Does that sound right?

DEJOY:

Sounds about right, yep.

WELCH:

Yeah. And the Republican National Committee was the beneficiary of \$1.3 million in contributions, correct?

DEJOY:

Yes, I am a Republican, sir.

WELCH:

Right. And you contributed \$1.2 million to President Trump's Trump Victory Fund, correct?

DEJOY:

I would need(PH) to check that, but it sounds about right.

WELCH:

Okay. And my understanding is that in May of 2019, you were announced as the chairman of the Republican National Convention fundraising committee for the convention that was--was to take place in Charlotte. Is that correct?

DEJOY:

Yes, that is a not-for-profit foundation that--I was selected by the Charlotte host committee, which is a--usually a--bipartisan in conventions for the city.

WELCH:

Right. And that you--and it's--you stayed on that position until June 12th, 2020, shortly before you took over officially as the Postmaster General, correct?

DEJOY:

I did, sir.

WELCH:

Right. And in June of--from January--sorry, April of this year in the run-up before you were selected as Postmaster General, you provided 18 contributions in the amount of about \$650,000 to various Republican committees, correct?

DEJOY:

You seem to have something in front of you. I don't know what you're looking at. But I give a--

DEJOY:

(INAUDIBLE) money--you know, let's--let's go for the record. I give a lot of money to the Republicans.

WELCH:

Right. And let me just ask an obvious question. You obviously support the Republicans. That's obvious. Totally within your right. You're a big supporter of President Trump. Totally within your right. How do you square being a major supporter of the president and Republican committees and other members with the independence required of the postmaster general? Can you really do both?

DEJOY:

Absolutely, sir.

WELCH:

Well, you're aware of the fact, of course, that president trump has made very hostile statements about the Postal Service. He called the Postal Service a joke. I assume you disagree with that.

DEJOY:

I do, sir.

WELCH:

And he has also vehemently and repeatedly attacked mail in voting saying, and I'll quote, "Mail in ballots will lead to massive electoral fraud in our 2020 election. Do you agree with that?"

DEJOY:

I--I'm in charge of delivering ballots. I don't really want to comment on what--that's not my responsibility elect--electorial.

WELCH:

It--it--

DEJOY:

--I'll leave that to the states--

WELCH:

--It's not, but there--would you--is it your view that if there is fraud it will have nothing to do with the United States Postal Service?

DEJOY:

It is my view then there--if there is mass--I mean if there is fraud, it will--it's our intent not to have any fraud with--through with the United States Postal Service. Yes.

WELCH:

But--but if the Mail is not delivered on time and Republicans and Democrats who do vote by mail do not have a timely delivery of that ballot to their town clerks, that will in fact result in them being disenfranchised. Is that not correct?

DEJOY:

The mail will be delivered on time, sir.

WELCH:

Well, we've heard that you have made significant reforms to try to improve Postal Service, but it's resulted in significant delays and those delays coincided, of course, with the run up to the election. We've heard--and you've apologized for that. It's not just the postal boxes, the blue boxes and the mail

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sorting machines, but you heard from Congressman Cooper that the requirement about trucks leaving in certain time--

MALONEY:

--The gentleman's time has expired. The gentleman's time has expired but the gentleman may answer the question.

DEJOY:

Thank--thank you--thank you, congressman. Again, I will repeat. I had nothing to do with the--with the collection boxes, the sorting machines, the postal--post office hours or limiting overtime. The change I made was asked the team to run the trucks, transportation on time and mitigate extra trips based on our review of an IG--OIG audit that was absolutely astonishing in the amount of money we were spending--spending and the number of late trips an extra trips we were--were running.

It was a plan that was rolled out with operations and it wasn't very, very important aspect of the network. It's the--it's a very--people ask what--why--why do trucks matter, why do on time trucks matter. They do matter. They're--it's a fundamental premise of how the whole mail network is put together. If the--of the trucks don't run on time, the mail carriers can't leave on time. They are out there at night, they--they have to come back and get more mail. Collection processes are late, plant processes are distorted.

I see several billion dollars in potential savings in--in getting the system to--to connect properly and that's why we ran out and put a plan together to to really get this fundamental, basic principles. Run your trucks on time. I find it really, you know, I would not--I would not know how to reverse that now. Am I to say don't run the trucks on time? Is that the answer that we're looking to get me to say here today?

WELCH:

And I think the question was how do we (INAUDIBLE)--

MALONEY:

--Listen, your--the gentleman's time has expired--

COMER:

--The time has expired--

MALONEY:

--Now we recognize our Congressman Keller. You are now recognized.

KELLER:

Thank you, Madam Chair. And I would like to thank the Postmaster General DeJoy for being here today.

On July 29th, 2020, that USPS general counsel sent a follow up letter from May to 46 states including Pennsylvania expressing concern that the states deadlines for requesting and casting ballots by Mail do not fit with the Postal services delivery standards. Mr. DeJoy, can you confirm that these letters and outreach to state election offices is something USPS has done in the past under previous postmasters general?

DEJOY:

Yes. This has been this--this has been done in the past. I looked at a letter a couple about a week ago that was sent out, you know, before the '16 election also. But we--we have intensified the effort to work with the election boards and to communicate with the election boards to help them gain more knowledge on what our process is. And it's really been amazing to me in this experience how many people don't--in high places don't really understand what a post, you know, how we use a postmark.

KELLER:

Well I--I think--yeah, I--I would agree with that. Also, the Democrats have been making a lot of noise about these letters your general counsel sent the state election boards. I'd like to clear this up. In the letters to the states, does the USPS say that they will not deliver ballots this November?

DEJOY:

No, sir.

KELLER:

Do they say that--did the letters state that the USPS will not or cannot process ballots this November?

DEJOY:

No, sir. It doesn't.

KELLER:

Do they say that the voters should not vote by--vote by mail?

DEJOY:

No, Sir. It doesn't.

KELLER:

Okay. Specifically, the letter recommends that votes are--voter's mail--people voting by mail should complete their ballots no later than--complete and submit their ballots no later than October 27th to comply with Pennsylvania--or to comply. Pennsylvania would need to change current law, which allows voters to request a ballot as late as Tuesday, October 27th to ensure that the USPS can deliver completed ballots in time to be counted by Election Day on Tuesday November 3rd. 2020 by 8:00 p.m. as is required under Pennsylvania law.

Do you agree that Pennsylvania should move the application deadline for mail and absentee ballots back, for example, on or around October 19th to request the ballot in order to ensure voters can receive the ballots in time and complete them and return them no later than Tuesday October 27th as recommended by the Postal Service--or the Postal Service is general counsel?

DEJOY:

It's--I didn't catch all of the details--

KELLER:

--Well basically, let--

DEJOY:

--It would be best--it would be best if the--if the state elect--election boards followed the recommendations about general counsel to ensure that every ballot--we're still going to do everything that we need to do, but I don't know why we would want to put this in conflict. It's very important process and the democracy and I don't know why we should have--take any chance other than have a properly integrated system between the election boards and the Postal Service, and that's all the general counsel and the team that supports him is trying to do. Make people aware. Why would we want to put more risk in the system than is necessary?

KELLER:

Well, Pennsylvania law states that the, you know, the ballots or to be received by November 3rd by 8:00 p.m. Anybody that's reasonable--I mean, I'm 55 years old and I've used the Postal Service for the past 37 years to deliver my mail, to pay my bills, to do everything and I don't wait till the day the bill is due to mail a check. I mail it in enough time knowing that it's only reasonable that I have to walk to the--to the mailbox.

I have to put it in the mailbox. Somebody has to come collect it here it has to be put in a car or on a plane and taken to another place to be processed and delivered. It's only reasonable that states should take that into account when they set up their laws. So I wanted to keep moving on because there's another point I would like to get to, also.

Governor Tom Wolf recently announced that Pennsylvania will cover the cost of postage for every mail in ballot this year. The United States Postal Service Handbook for area mail processing guidelines states that postmarks are not required for mailings bearing a pre-canceled stamp for postage. In other words, envelopes with prepaid postage that Pennsylvania send with the ballots to be returned, will they be postmarked?

DEJOY:

We're going to work to try and set up a process to postmark as much as--as much as we can.

KELLER:

With the current--currently it's a process that is it currently--

DEJOY:

--Prepaid--prepaid postage does not get--processes that prepaid postage does not get postmarked.

KELLER:

So it could, if nothing were to change, which the chairwoman's bill said you can't change anything, so if nothing were to change, you wouldn't be able to postmark those--those letters?

DEJOY:

Yeah, if we if we didn't make a special effort to postmark prepaid mail, we would not be post marking. Now, we have certain other--other ways of identifying election mail, which (INAUDIBLE) how we have done in the past to try and postmark things but they are not seamless efforts.

KELLER:

You would have to make some adjustments to be able to make sure that secure?

DEJOY:

Yes, sir.

KELLER:

I would sincerely hope that the chairwoman of this committee would have thought of that and that would have been the value of having this searing before she introduced a bill saying you can't make any changes because you are trying to do things to make sure that the items you handle are done in time so I do appreciate that. They one thing, postmaster general can you guarantee that you will deliver every ballot to the people when they request them and every ballot when it is returned?

DEJOY:

We--I guarantee we will use every effort 650,000 people that work at the organization to fulfill that obligation.

KELLER:

Thank you, but you won't change anything in this election that you've done previously?

The gentlemen's time has expired.

KELLER:

Thank you.

MALONEY:

The gentlemen can answer the question.

DEJOY:

I think I did.

MALONEY:

Congresswoman Speier is recognized. You are now recognize.

SPEIER:

Thank you Madam Chair. I have two documents I would like to submit for the record, one from the Postal Service on their reorganization and one from citizens for responsibility and ethics in Washington.

MALONEY:

Without objection.

SPEIER:

Thank you. Mr. DeJoy thank you so much for being here today. You have answered some questions about your contributions to the President. You also contributed \$586,000 to attend a dinner for him in February of this year. Is that correct?

DEJOY:

I don't think so, no.

SPEIER:

Well, there's records that showed you did. Your wife has also been nominated to be the ambassador to Canada. Is that correct?

DEJOY:

She is, yes.

SPEIER:

All right. Mr. Duncan? Wherever you are.

DUNCAN:

Yes.

SPEIER:

Mr. Duncan you have also been active in President Trump's campaign and as the director of American crossroads super pack is that correct?

DUNCAN:

I am the director of American crossroads super pack, yes.

SPEIER:

And you have contributed over \$1.9 million to President Trump's campaign?

That is not--not you personally but the pack?

DUNCAN:

I would have--I don't know the answer to--

SPEIER:

The records show that. So you are both invested in making sure that the president gets reelected. Is that correct?

DEJOY:

I am not here to talk about the president's election. I am here to talk about Postal Service issues.

SPEIER:

Okay. Mr. Duncan how much did the Postal Service pay Russell Reynolds to be the company look for a replacement?

DUNCAN:

I don't have that number, be happy to try to provide it for you.

SPEIER:

All right. In your own testimony you said they started with 212, they then vetted 50 and they got down to the first-round interviews and there were 14 but Mr. DeJoy was not one of them so we paid this company to do a national search for the replacement for the USPS Postmaster General, he was not in that group but Mr. Barker(SP) said well, we have another candidate did you recommend Mr. DeJoy as a candidate?

DUNCAN:

Let me go back on your premise setting wasn't include we were still taking recommendations at that point in time before the first interview process had gone--

SPEIER:

All right. Mr. Duncan just answer the question. Did you recommend Mr. DeJoy as a candidate?

DUNCAN:

I gave Mr. DeJoy's name as a candidate as I did with other candidates, I submitted it through the process.

SPEIER:

All right, but he was not part of what was provided to you by the search firm. Let's move on. Mr.--the President has been very critical of Amazon and the contract they have with the Postal Service Mr.

DEJOY:

I have not reviewed the contract specifically in any detail, no.

SPEIER:

Well, but you did offer some testimony I believe in the Senate that suggested that you had in fact reviewed it and that you thought that the rates were--

DEJOY:

The question was a about rates contract--contract so thick we--we--I am studying the rate building process of the Postal Service on the NSA's. That is what I--

SPEIER:

So you did look at Amazons rates?

DEJOY:

I did look at Amazons rates, yes.

SPEIER:

All right. On your statement of finance--

DEJOY:

As long as hundreds of other--

SPEIER:

I understand. In your statement of financial disclosure you sold your Amazon stock on June 22 I believe and then you purchased options on Amazon on June 24. That would suggest to almost anyone that there is a conflict of interest. It doesn't require that you make a decision, it only requires that you participate. Did you check with the government office of ethics to see if that was appropriate?

DEJOY:

The--before I went into any Postal Service you file your forms the day you arrive at work. I filed my forms. I was going to a meeting on Amazon, I owned stock someplace in a call at Morgan Stanley and they told me I had to either recuse myself from reviewing a number of contracts or sell the stock. I called our broker to sell the stock. We actually had calls--

SPEIER:

Mr. DeJoy I'm going to have to--

DEJOY:

But I did not buy options. I actually bought calls--covered calls--

SPEIER:

It is on your statement.

DEJOY:

I bought covered calls back and at a loss. That is what I did to get it completely out of the stock I had to unwind covered calls.

SPEIER:

You still have those calls do you not?

DEJOY:

No, I had to pay more money for the calls than I sold them for. I think you should get an understanding of what a covered call is before you accuse me of any improprieties.

SPEIER:

All right. I think let me just ask one last question. Have you removed any machines that automate the post marking process?

DEJOY:

I have not removed any machines.

MALONEY:

The gentlewoman's time has expired. The gentlemen may answer.

DEJOY:

I have not I will repeat it again for the hundredth time I have not removed any machines.

SPEIER:

That is separate from these sorting machines.

MALONEY:

Congresswoman Miller (INAUDIBLE)--

DEJOY:

In the machine I will repeat I have not removed any machines.

MALONEY:

Congresswoman Miller you are now recognized.

MILLER:

Thank you Madam Chair. Can you hear me?

MALONEY:

Yes, we can.

MILLER:

Okay and thank you Ranking Member Comer and a special thank you to our esteemed guest today for taking the time to participate in the so-called hearing. Postmaster General DeJoy and Chairman Duncan my constituents in rural West Virginia rely on the Postal Service to receive their essential prescriptions, their mail, and packages.

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Thank you for your continued pandemic to ensure that these critical services continue. In a year that is riddled with conspiracy theories such as baseless claims of Russian collusion we are wasting another hearing opportunity to attack our duly elected President over the most blatant and verifiably false claim that Republicans are destroying the United States Postal Service.

This couldn't be further than the truth. Everyone knows that the personal service needs a serious overhaul but (INAUDIBLE) our Postal Service without instituting any necessary reforms is not the answer. Democrats here today are doing a great disservice to our postal workers and undermining American confidence in our electoral process.

The Postmaster General has said repeatedly that the USPS will have no difficulty delivering balance but my colleagues across the aisle place the blame on the Postal Service instead of their own states incompetence to properly hold their own elections.

The USPS can handle the absentee and mail-in ballots from the 2020 election and has enough money to remain solvent well into next year giving the Postmaster General and Congress time to work on a solution to put the USPS back on a sustainable path.

While all of us here today recognize that the Postal Service is an essential duty of the federal government there seems to be only one party that is serious about making sure that it works effectively for the American people.

Postmaster DeJoy on average how many pieces of mail does the United States Postal Service deliver in a day?

DEJOY:

About 451 million pieces ma'am.

MILLER:

Thank you. If every single eligible voting age American voted by mail in a single day of about 153 million or so, would that the United States Postal Service be able to ensure that these pieces of mail were delivered?

DEJOY:

I--I think we have adequate capacity to handle the mail--the--the election, yes.

MILLER:

And you would be able to do this without significant impact to your normal day to day operations?

DEJOY:

You are asking me one day I have not done that analysis but the way ballots flow throughout the week. We would--we handle it--we would handle it very easily.

MILLER:

Thank you. However, you cannot control what deadlines states set in terms of requesting and returning ballots or how long it takes for these election boards to count the ballots to call a race. Isn't that correct?

DEJOY:

Yes, ma'am.

MILLER:

We saw huge delays and election results in New York, as I'm sure the chair is well aware. The core issue, why you're here today, Mr. Postmaster General, is to ensure that every American has the right to vote fully protected. What is becoming abundantly clear is that the Trump administration, Republicans in Congress, and the USPS are not obstacles to that right. Rather, you are helping to ensure voting access despite incompetence and partisanship on the part of a great many state election officials across the country.

Last week, a scathing analysis by NPR found that at least 550,000 mail-in ballots were rejected in the presidential primary elections earlier this year. Of those, nearly half of those rejected ballots came from New York, New Jersey, and California where there isn't a single Republican in statewide office. This November, we must ensure that all Americans can and should be able to vote safely in person at their local polling locations. And those that do need absentee ballots can and should be able to vote securely through the USPS as they have in past elections.

I hope my colleagues and our counterparts at the state level heed the recommendation of the USPS on how to execute this undertaking free from politics and partisanship. I yield back my time.

The gentlelady yields back. I now recognize Congresswoman Kelly. You are now recognized.

KELLY:

Thank you, Madam Chair. I've been on this committee for over seven years, five years in the minority. The hypocrisy around how witnesses are treated and around the post office is astounding. Thank you for being here, Mr. DeJoy.

Small businesses are a vital part of the United States economy. They represent nearly 75 percent of all employers and account for 44 percent of all economic activity. Small businesses, many without significant savings or access to credit, have relied on the Postal Service to stay afloat during this pandemic. The Postal Service plays an important role, as you know, in enabling their growth and commercial success.

Last Friday, you testified before the Senate committee, and I quote, "You feel bad about the dip in our service." Well, there are a few businesses that feel pretty bad too. Cassidy Lavender (SP), a Louisiana business owner, was forced to abandon the Postal Service after losing nearly \$10,000 due to shipping delays. Beth Nolan (SP), a Michigan business owner, had to fire an employee to recoup the cost spent making up for her delivery delays.

A 2013 OIG report found that small businesses are a key customer segment for the Postal Service, generating more than \$9 billion in annual revenue. Before implementing the numerous operational changes discussed here today, were there any analysis performed on the impact such changes would have on these key customer--on this key customer segment?

DEJOY:

There--there was--there was not numerous operational changes. There was one re--request, that we adhere to our transportation schedule. And there--the--I--I did not perform any operational analysis myself, but we had a team looking at how we would plan to roll out the change. That team was across the whole country, an existing team, not a new team. And I'm unaware--I'm--I don't know how much analysis we would need to do to comply with our schedules that were already established.

KELLY:

beauty salon in my district has not received mail for a week to 10 days. The owner is concerned about bills that might be delivered late, which can have a terrible impact on their business. Another person I spoke to said she received her--she receives her mail now every other day and still hasn't received a check she's relying on.

When I went to the post office myself to mail a package, the postal workers there said we know who you are and we just want to apologize, but we're just doing what were told. I didn't get those phone calls when President Obama was the president. Will you commit here today to reversing any policy or practice that has the effect of slowing down mail and package delivery?

I represent the Chicagoland area, and I'm hearing from postal people themselves. And they want you to address the lack of staffing and late start times, which they feel has greatly impacted the delivery of the mail.

DEJOY:

Ma'am, we're very concerned about every delayed package or piece of mail, and we're also very interested in--in--in fostering the support of small--small business. What I can tell you is we're working feverish--very hard to get the standards back to where they were be--before. The--the--there are a variety of issues that are contributing to this, not just the requiring the trucks to leave on time. But we are working across the country to improve service.

KELLY:

My district is urban, suburban, and rural. I--you know, my colleagues have asked for something in writing, and I would support that, that we need to see something in writing, not just promises.

An estimated 14.5 million rural Americans who lack access to reliable Internet rely on the Postal Service to meet their basic needs, including receiving life-saving medications, collecting paychecks, and paying their bills. It is important that rural Americans have access to reliable and affordable delivery services, or are they too inefficient to service? Since we talk about we're trying to be a efficient, are they just forgotten about?

DEJOY:

No, ma'am, they're not forgotten about. We are working to--to--to deliver to every American on a timely basis.

KELLY:

Well, your chase for operational efficiency has been at the expense of hard-working Americans, and I hope you will take these concerns into account as you assess some of your decisions from the past 78 days and beyond.

DEJOY:

I--I very much do, ma'am. And the--the--the changes I am making are for the betterment of the Postal Service and the American people long-term. We lose \$10 billion a year and there's no end in sight. We have \$145 billion in liabilities and 10--\$14 billion in cash. So, we can set--you can blame me for this, but these conditions have been allowed long before my time and they need to be addressed.

MALONEY:

Congressman Green, you are now recognized.

GREEN:

Thank you, Chairwoman and Ranking Member. Today, Democrats are pushing the conspiracy theory that President Trump has with the Postal Service in great jeopardy. This is just more hysteria in a long line of Democrat hoaxes, including the Russia probe, the Mueller investigation. Remember Adam Schiff? He saw with his own eyes proof of Russian collusion. I guess he must have kept that from Mueller.

Oh, who can forget the impeachment sham, by the way, attacking the president's loans, his business associates, of course his tax returns? They've nothing to offer the American people but attacks on the man they despise, Donald Trump. The postal union should realize, and I know they've endorsed Joe Biden, but--but they should look at this. The Democrats are throwing the postal carriers under the bus just to get at Trump. It's despicable.

If the postmaster general's donations are conflict to his doing good job, wouldn't the postal union's millions in donations over the years the Democrats disqualify them from delivering the mail? Message

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to all postal workers, the Democrats are insulting your integrity. Weaponizing the House Oversight Committee, fuels Speaker Pelosi's postal conspiracy theory, is an outrageous abuse of power.

Don't be fooled by the partisan rhetoric. The reality is the USPS has the money they need in the near term, certainly through the election. The Postal Service has the most cash on hand it's had in years, and it has access to a \$10 billion CARES Act loan that it has not even tapped into yet. But, oh, we had to come back this weekend to vote on more money for the USPS.

The Postal Service will prioritize ballots over other mail. They will process election mail as first-class mail regardless of the posted used. And Postmaster General DeJoy has assure the American people, and I quote, "The United States Postal Service is fully capable and committed to delivering the nation's election mail securely and on time."

The Democrat attacks on the Postal Service are baseless. Now, the Postal Service has been losing some money, a--\$8.8 billion last year. A big reason for these budget deficits is the evolution of technology, the Internet. First-class mail is down. This issue significantly predates the Trump administration. But now, due to the pandemic, online business is booming, package volume through the roof. Package revenue this year increased \$2.9 billion compared--

GREEN:

--to FY 2019, in other words the post service has made more revenue in the pandemic than it did in the last period or the same period last year, USPS is in no immediate fiscal danger.

On June 30, the board said that they have and I quote significant liquidity to continue operating through at least August 21--2021". Postmaster General DeJoy has said I don't need anything to deliver mail on election night but we do need legislative reform. We need freedom from a change in the postal regulatory commission regulation and we do need to be reimbursed for our cost".

The fact is that the Postal Service well prepared for the election, yes. Postmaster General DeJoy has had a long career in logistics, unanimously selected for the post by the board of governors which has two Democrats by the way, he has implemented commonsense cost-cutting measures to address the problems. Saturday's bill which passed tries to halt those three forms and operational changes while in the short term the Postal Service will be fine reforms must eventually be instituted to ensure solvency.

As far as these protesters outside the home of the postmaster general these protesters who are banging pots and pans intimidating and bullying the postmaster is terrible. It's unconscionable but completely in line with the book burning, police eye lasing, criminal whose are destroying lives, destroying property in Democrat-controlled cities but hey, that's who they are now. Let's not call the Congress back to fix the lost unemployment in a pandemic but let's call the Congress back to vote to give the post office more money they don't emergently need before we even hold the investigative committee hearing all to support a conspiracy theory that a bipartisan we selected Postmaster General is trying to steal an election.

This is theatrics. It's a joke. What a way to end the Democrat majorities time leaving the house. Another conspiracy theory and attack on the president. Typical actually it is saddening. Our postal workers are quite capable and they are ready for the 2020 election. Madam Chairwoman, with that I yield.

MALONEY:

Congresswoman Lawrence you are now recognized. Congresswoman Lawrence?

LAWRENCE:

Thank you Madam Chair. Postmaster General, shortly after you took the office I reached out to schedule an introductory call with no agenda in particular just to share my experiences as a career postal employee (INAUDIBLE) kind of welcome you to the seat but my request was turned down.

I was told you needed your time to get acquainted with the agency and that you did not have time to have that meeting. But I have seen since you have been in office the time to get antiquated to make these really, really impactful decisions on delivering processing of the mail you are comfortable with doing so.

I want to ask you Mr. DeJoy are you familiar with chapter 1 of 39 U.S. states code?

DEJOY:

No, I am not.

LAWRENCE:

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Okay. The United States-- the code reads the United States Postal Service shall be operated as a basic and fundamental service provided by the people to the people by the government of the United States authorized by the Constitution created by act of Congress and supported by the people.

Mr. DeJoy did you take an oath of office when you became the postmaster general?

DEJOY:

I did, ma'am.

LAWRENCE:

I remember when I took my oath of office when I was sworn in to be an employee of the Postal Service and to just tell you my journey because I am sure you are familiar with some of the names I started as a distribution clerk working tour one, then I moved to be a letter carrier then to be an acting supervisor then a supervisor of delivery and collection. I served in HR, I served in safety and health, I served as an EEO investigator.

I have the entire State of Michigan in the district, role(PH) of the women's program and for career counseling and development. And I ended my career after several task force that I got put on to monitor and to track the mail before we made decisions like taking out equipment, density counts I supervisory of delivery. I know know what it took to remove a post office box call it collection box not a blue box is a collection box.

So I wanted to talk to you about have you ever served as a letter carrier?

DEJOY:

First off ma'am I would like to congratulate you on your career path and no, I have never served as a letter carrier.

LAWRENCE:

So I did serve so the Postal Service is introducing a new initiative called Expedited to Street/Afternoon Sortation and it reduces the morning office time to allow carriers to leave for the street earlier and then upon returning from the streets the carriers are then to sort - might to sort any

undelivered mail for the next day. Are you aware what that initiative that you have rolled out the impact it has on delivery carrying?

DEJOY:

The intent that that was a program that was on the shelf, the intent of that program is to adjust for there has been a significant decline in mail as you know and to (INAUDIBLE) adjusted that was worked out with union leadership to run a pilot. The pilot I stopped the pilot when I stopped everything else so the intent of it is to get the carriers out earlier so they can come back earlier and that is basically in the day.

LAWRENCE:

Well, Mr. DeJoy and I have really stress that you do some deliberate work--excuse me - make do some deliberate work to understand the impact that it has because if a carrier does not come back because this is the challenge that we have all of the time a carrier if he has only piece of one advertisement must stop at every home so regardless of the volume if you are making the same amount of stops you are not going to shorten the time and so when you do that the carrier is going to be out basically the same amount of time and so when they come back you are delaying the mail.

We have--I have complaints in my office from people getting delivery one day a week now sir. That is not according to your oath, that is not according to what the chapter 1 of 39 says your role is.

I want to in my short period of time Madam Chair I was interrupted I would just like to end this with some of my colleagues have said this is a theater, why are you here. Well, you are here because the citizens of the United States rely on the Postal Service to deliver our seniors, our veterans.

One thing is clear, you have been a major supporter of the President as documented. I don't reason you for that. You have that right but when you are getting messages daily and tweets that the Postal Service says we don't make a deal they don't get the money the money means that you won't have universal mailing I want you to know that you have an oath to office and I expect--

MALONEY:

The gentlewoman's time has expired.

And I expect the(PH) American people expect you to uphold it. Thank you Madam Chair.

DEJOY:

And ma'am I will live up to that oath and if I could expand on your question with regard to the expedited process that would not result in one day a week mail across--in any area. We do have some employee availability issues and some of the hotspots across the nation where we have as you would know we could have 700 routes and only 500 carriers and it's forcing--

LAWRENCE:

For crying out loud why would you implement that (INAUDIBLE) this time?

DEJOY:

I haven't implemented anything to affect that. I did not implement anything to affect that. That would not--the expect--

LAWRENCE:

But you are adding fuel to the fire and that is the (INAUDIBLE)--

DEJOY:

I'm trying to--I am committed to six-day delivery. I am committed to growing the Postal Service. I have ideas for new business opportunities for the Postal Service and I'm trying to--in the code it also says we must be self-sustaining and we are not and that is what I am trying to do. Thank you though and then again--

MALONEY:

In--in the interest of--

LAWRENCE:

Your actions will show--

MALONEY:

--interest of time we have been--the gentleman has been testifying for quite a long time and we are now going to have a recess for five minutes, a recess for five minutes.

(RECESS)

MALONEY:

We will now reconvene. Congresswoman Plaskett, you are now recognized.

PLASKETT:

Thank you very much, Madam Chairwoman. Thank the witness for being here. Mr. DeJoy, first before I have that discussion with you, my line of questioning, hearing my colleague just a little earlier talking about abuse of power was just such an outrageous statement. And what he said was an abuse of power.

I think we in Congress are here to ensure that there is no abuse of power in any of the branches of government. And when he talks about the collusion, we see that when the Senate Republicans finally get off of their butts and do their job, eventually there is corroboration to some of the work that happens here in the House. At least the House is going to do its job. And there are issues that need to be addressed here today, and that's what we're going to do.

So Postmaster DeJoy, your General Counsel Thomas Marshall said we are currently unable to balance our cost with available funding sources to fulfill both our universal service mission and other legal obligations. That letter went on to outline a number of drastic operational changes that are being attempted to implement in the name of cost cutting. You have spoken here today about the measures that need to take place.

And in one instance, you're saying how you want to get those done and then I also hear you saying as if it was not you or you're not responsible for the changes that have been made. In your August 13th email too all postal employees, you took credit for the changes that have been made. Here's what you said. You took credit and you said also, unfortunately, "This transformative initiative has had unintended consequences that impacted our overall service levels." That was your email. Is that correct, Mr. DeJoy?

DEJOY:

It sounds like it was.

PLASKETT:

Okay. And as a transformative initiative, it's fair to say that these changes were intended to having meaningful impact. Is that correct?

DEJOY:

Yes, man.

PLASKETT:

And these changes are happening across several States and across the country.

DEJOY:

I don't know what you're reading from

PLASKETT:

The transformative changes that you all have intended as cost cutting measures.

DEJOY:

To--to--no, that was not cost cutting measures. Right? The two changes I made was the organization and complying with the schedule.

PLASKETT:

And those transformative and changes initiatives--

DEJOY:

--(INAUDIBLE) some other changes--

PLASKETT:

DEJOY:

Every state a truck moves in, yes.

PLASKETT:

Okay, so that would be several states. Yes. Thank you. I have a slide that I'd like to show about first class mail. If you can see from the slide, this is at you as Postal Service slide. It discusses the presort first class mail. It appears that there's been a decline since July. This slide reflects nationwide numbers. Would you agree with that, Mr. DeJoy?

DEJOY:

Yes, it does.

PLASKETT:

And clearly, an 8 percent drop in one time at mail is a meaningful impact. And the headlines from across the country that the committee has collected show how widespread these delays are. Would you agree that there are delays presently?

DEJOY:

There are delays, yes.

PLASKETT:

Thank you. I know in my own district, which relies heavily on that mail because we cannot drive to different big boxes or other locations, being an island, Lena--Leona Di Blake, her Cigna prescriptions usually take three to five days have taken two weeks. Shannon Dasig who runs a small retail store on Saint John usually 10 days max for priority, which is kind of long for priority, but we are an island it now takes weeks. Ivan Jacobs, priority mail typically takes four days. It's now taking 12 days. Sharolyn Stapleton, summer college program items had disappeared. It goes on and on and on.

Now, in 39 USC section 3661-B provides "When the Postal Service determines that there should be a change in the nature of Postal services which generally affect service on a nationwide or substantially

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nationwide basis, it shall submit a proposal within a reasonable time prior to the effective date of such proposal to the Postal Regulatory Commission (PRC) requesting an advisory opinion on the change."

Now you have agreed with me in previous questions that this has been a change that has substantial nationwide basis. It generally affects Postal services and that it is a change in nature of Postal Service, which generally affect service on a nationwide substantial basis. Have you, Sir, submitted our request for an advisory opinion to the Postal Regulatory Commission?

DEJOY:

A request for an advisory opinion on asking the organization to adhere to the transportation schedules is not required--

PLASKETT:

--I didn't ask you about the transportation schedules--

DEJOY:

--That's the only change--

PLASKETT:

--I asked you--

DEJOY:

--That's the only change that--

PLASKETT:

--If I may have--finish my statement, sir, I'll let you finish yours that when a Postal Service determines there should be a change in the nature of Postal services, which generally affects service on a nationwide or substantially nationwide basis, the changes that have occurred or have had a meaningful impact on service, one, under Buchanan versus U.S. Postal service, three factors four illegal requirements are a meaningful impact on service, a change that must be in the nature of postal services, and a change which would "Affect a broad geographic area." Is that not the case?

The gentle lady's time has expired. The gentleman may answer.

DEJOY:

Thank you. The--the--the change that was made was not expected to have the impact it had from the duration of the period that it had. But it also did not contribute to 10 and 12 and 2 week delays. Mail that was processed that didn't make it on a truck would have gone on the next truck. If you looked at that chart, you would see that as soon as we went into day plus one, we were back up into the 90--90 percentile. There are other factors that are contributing to excessive delays through--throughout the--throughout the country for these longer delays.

PLASKETT:

Yes, COVID

DEJOY:

Yes, ma'am.

PLASKETT:

And the fact that you would Institute these impacts--

MALONEY:

--The gentle lady's time has expired--

PLASKETT:

--After that happening to this country really--

MALONEY:

--The gentle lady's time has expired--

PLASKETT:

--Questions your logistical expertise.

DEJOY:

We--we--the--we are working very, very hard across the whole country to get all the mail on the trucks and we are seeing rapid recovery and we will--once this is put back in balance, we will have a better system and a much more cost effective system.

MALONEY:

Okay, the congresswoman's time is expired. Congressmember Gomez, you are now recognized. Vice chair of the committee, Congressman Gomez.

GOMEZ:

Thank you so much, Madam Chair. I want to focus on the change that you take credit for, which is making sure that the trucks have gone out on time. So I'm going to read a series of questions. Most of them at the beginning are yes know. You instituted a change to sharply reduce extra Mail delivery trips by "Requiring trucks to run on time and on schedule," correct?

DEJOY:

Yes, sir.

GOMEZ:

And referring to this new delivery schedule, you told the Senate, "Our production processing within the plants was not fully aligned with the established schedule, though we had some delays in mail." Correct?

DEJOY:

Yes, sir.

GOMEZ:

Mr. DeJoy, when precisely did you implement the change of requiring the trucks to leave on time, the date?

DEJOY:

GOMEZ:

The second week of July. Thank you, Sir. So you told the Senate that the U.S. Postal Service did an analysis showing these changes theoretically would mean "All late deliveries would have been improved." Then you told senator Rosen it didn't happen "For a variety of reasons."

Then you continued "The analysis we did which showed that we would improve service to every constituent." Can you briefly describe the variety of reasons that that did not happen?

DEJOY:

You confused me. I--

GOMEZ:

--Basically, the fact that you said that this would actually improve the delivery of mail on time, you said that that would happen. And then later on, you said for a variety of reasons that did not happen. What are those variety of reasons?

DEJOY:

Yeah. So the--the--this will improve service and reduce cost substantially. And it will also be the fundamental baseline of--of operation for, you know, for the Postal Service--

GOMEZ:

--Mr. DeJoy, I'm going to--reclaiming my time I'm asking you specifically because you said this in the beginning of your testimony--

DEJOY:

--Specific--specifically--

GOMEZ:

--For a variety of reasons--

DEJOY:

--One of the--so a variety of reasons has to do why mail delivery is down across the across the nation. With regard to this specific change the production schedules within the plants were not aligned with the transportation schedules going out--going between the plants.

That--that was a--there's about 10 percent of the mail was not aligned. The production plants were getting done late and the trucks were--the trucks were leaving. This was not a mandate that every truck leaves on time.

We still have a significant amount of trucks that run delayed and a significant amount of extra trips. Judgments were made at each individual plant that--they did not--that provided for transitional issues in doing it. We will get this back. We're working it very hard and it will be a successful endeavor for the United States Postal Service.

GOMEZ:

Well, that's what we're hoping. Mr. DeJoy, you couldn't make this commitment to the--

GOMEZ:

--Senate on Friday, so I'm going to ask you again. Do you commit providing the analysis that you used regarding this(PH) truck schedules that would show that the--there will be lower late deliveries? Would you provide that to us by Friday?

DEJOY:

I will go back and see what I can get for that.

GOMEZ:

I--I have it for you right here. This is what you said. I can--I can read a quote from you.

DEJOY:

Okay. Well, I'll go back and look too. And if it said that--

GOMEZ:

--Is that--

DEJOY:

--I--I'll--and if I have something, I'll send it to you.

GOMEZ:

I kind of highly doubt that you're going to do that. But you also--

DEJOY:

--Why would you doubt--why would you do that?

GOMEZ:

Because you're not very forthcoming. You also told the Senate our recovery process in--in this--

DEJOY:

--I'm here, sir--

GOMEZ:

--Should have been a few days and it mounted to be--amounted to be a few weeks. Why have days turned into weeks?

DEJOY:

I'm trying to figure that out.

GOMEZ:

So, what I find interesting is that you're supposed to be some logistics expert, right? That's what--that's what--you've been brought in, that's what people have said, that--and then all of a sudden you said, okay, we're going to get these trucks to leave on time. But you didn't focus on getting the mail to people on time, and that you said that that would actually improve, right?

DEJOY:

Um-hmm.

GOMEZ:

You would reduce late deliveries, but the opposite happened. And then you would say that it would take only a matter of days to fix, but that didn't happen, right?

DEJOY:

Um-hmm.

GOMEZ:

I--I know people that work in operations. My wife works in operations, very good at it, and they're looking at data all the time, all the time and to seeing what little operational changes can be done--

DEJOY:

--Um-hmm--

GOMEZ:

--To change the flow of--of whatever you're trying to accomplish, right? So, that's what--people are questioning your ability, right? I actually talked to a lot of postal workers in Los Angeles.

I represent Los Angeles. I was out there and they said that the delay in the packages, these changes is causing mail to back up where you have baby chickens that are being left in boxes that are going silent, that are starting to rot, food that's starting to rot, flies that are starting to infest the facilities. And they run up the same fact, that they take a--an oath, an oath to get the mail out on time. They're asking did you--are you living up to that oath, right?

I was actually avoiding following other colleagues who called on you to resign, but I do think now it's time for you to resign, not because you're necessarily--there is this grand political conspiracy, but just the incompetence that we've seen when it comes to the Postal Service. It's time for you either to step down and have somebody that can--can run it, or the board of governors should fire you. I yield back.

The gentleman yields back. Congresswoman Ocasio-Cortez, you are now recognized.

OCASIO-CORTEZ:

Thank you very much, Madam Chairwoman. And thank you too, Postmaster DeJoy, for coming in and offering your testimony today.

Mr. DeJoy, when--when your announcement in--in your new position as postmaster general was announced, you know, there was some folks that were flagging concerns that you would be the first postmaster general in two decades without previous experience or service directly in the USPS. But to be fair and as you mentioned, you do have extensive career experience in supply chain logistics, correct?

DEJOY:

I do.

OCASIO-CORTEZ:

And in fact, you served as CEO of your own supply chain company, New Breed Logistics, for 30 years, correct?

DEJOY:

I did.

OCASIO-CORTEZ:

And that was up until about 2014 when you merged New Breed Logistics with another company, XPO Logistics, where you also served as CEO for a year and then served on its board of directors until about 2018 when you submitted your resignation, correct?

DEJOY:

Yeah.

Now, I would like--Madam Chairwoman, I would like to submit to the committee three documents for the record, the postmaster's new entrance report detailing his financial disclosures, publicly available data detailing the USPS top suppliers for the last three years, and the recent XPO SEC filings. Now, Mr. DeJoy, you've received--

MALONEY:

--(OFF-MIC) objection.

OCASIO-CORTEZ:

Thank you. Now, Mr. DeJoy, you've received about 1.86--\$1.86 million in rental payments from your former company, XPO, correct?

DEJOY:

Approximately, yes.

OCASIO-CORTEZ:

Have you taken any meetings with XPO Logistics since becoming postmaster general?

DEJOY:

I have not.

OCASIO-CORTEZ:

Have you emailed, texted, called, videoconferenced, or communicated with your former company, XPO Logistics?

DEJOY:

I have many friends at the company, and I've spoken to them casually over the--several months. Yes, I probably would have spoken to them.

OCASIO-CORTEZ:

DEJOY:

Um-hmm.

OCASIO-CORTEZ:

That's a very big job. I don't mean to tell you that. And it has a lot of responsibility. You mentioned meeting with President Trump, Secretary Mnuchin. I can't(PH) even imagine how busy that must be.

Now, do you keep a daily calendar?

DEJOY:

I do, yeah.

OCASIO-CORTEZ:

Have you or your staff made in the deletions to your calendar since becoming postmaster general on June 16th?

DEJOY:

I don't--I don't think so.

OCASIO-CORTEZ:

You don't think so?

DEJOY:

Um-hmm.

OCASIO-CORTEZ:

Have--do ethics officers at USPS have access to your calendar to screen conflicts of interest?

DEJOY:

We have an ethics officer that looks at meetings that I have, yes.

And they have full access to your calendar?

DEJOY:

They will work--yes.

OCASIO-CORTEZ:

Can we get a commitment from you to submit your calendar dating back to June 16th to this committee?

DEJOY:

I don't know. I'll check with counsel.

OCASIO-CORTEZ:

Well, you know--

DEJOY:

--I don't want to set a precedent for my calendar to be submitted every two months.

OCASIO-CORTEZ:

Well, according to--to regulations that we currently have, electronic calendars that are submitted and maintained on USPS computers are agency records. And so, can we get your commitment to hand that calendar over to this committee--

DEJOY:

--If--if that is in fact--

OCASIO-CORTEZ:

--As a matter of course for investigation--

DEJOY:

--I'm new to this. If that is in fact a process that our counsel says I must comply with, then I will do that, yes.

OCASIO-CORTEZ:

Thank you. Madam--Madam Chairwoman, I would say, you know, the details of this calendar are extraordinarily important to the committee's investigations. And if we cannot receive them voluntarily, I would recommend consideration of a subpoena for these details.

Now, lastly and selfishly, I represent New York's 14th Congressional District. We have written the agency several times regarding accessibility for a ramp in our historic Jackson Heights Post Office. And I would greatly appreciate return correspondence to make sure that we can ensure that are disabled and elderly constituents can get access to the post office. Thank you very much. I yield my time.

DEJOY:

Thank you.

MALONEY:

The gentlelady yields (OFF-MIC).

UNKNOWN:

Whenever.

MALONEY:

You're now recognized, Congresswoman.

PRESSLEY:

Thank you, Chairwoman Maloney. While some of our colleagues might have used this hearing to continue to gaslight and mislead our constituents, I am here to get to the truth. The American people deserve that.

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To direct the systemic slow down of mail delivery during a pandemic within months of a national elections is incomprehensible. At best, these actions represent irresponsible leadership from a novice who has absolutely no business leaving a government agency. At worst, they are cruel, unethical, and antidemocratic. And this is certainly no way to repay the 600,000 dedicated and brave employees who risk their lives every day to deliver essential mail.

The Postal Service is one of the largest employers of veterans and has one of the most diverse workforces in our country. 40 percent of postal workers are people of color. And for generations, working for the USPS was one of the only living wage jobs accessible to black and brown Americans. No doubt many of these families have a personal story of how the USPS job made it possible for them to buy their first home or to send their child to college.

Now, it is well documented that many of the same families have been disproportionately impacted by the COVID-19 pandemic and will bear the brunt of any effort to dismantle the USPS. So, Mr. DeJoy, in the interest of time, yes or no. At your direction, the Postal Service is currently under a management hiring freeze, yes or no?

DEJOY:
At management level, yes.

PRESSLEY:
For the record, Mr. DeJoy, does the hiring freeze apply to any other category of workers?

DEJOY:
No, ma'am.

PRESSLEY:
And you are also seeking to push early retirement, correct?

DEJOY:
We submitted I-chart (SP) polls--

PRESSLEY:

DEJOY:

Yes. Yes.

PRESSLEY:

Mr. DeJoy, 40,000 postal workers have had to quarantine. Over 6,000 have tested positive and over 60 have died from COVID-19. Do you know if these numbers are the most accurate and up-to-date?

DEJOY:

Eighty-three have died.

PRESSLEY:

And so, to be clear, does this mean that you are collecting in real time formal data on COVID-19 and its impact on your workforce?

DEJOY:

We have a task force that has complete visibility of every--everything from PPE to cases--cases in the geographical area, cases within the Postal Service. I think you--

PRESSLEY:

--So, you do have a mechanism whereby you are in real time formally collecting data--

DEJOY:

--Um-hmm--

PRESSLEY:

--As to the impact of COVID-19 on your workforce?

DEJOY:

Yes, we do.

Okay. In the greater Boston regional home(PH), more than 220 postal workers have contracted COVID-19. A letter carrier in Chelsea, a city in my district, was hospitalized and was told by his doctors that his respiratory system would never be the same.

Mr. DeJoy, will you commit to providing this committee with the data that you say you're already formally collecting, disaggregated by congressional district, on COVID-19 related deaths, positive tests, and quarantines of postal workers by Friday, since this is quite literally a matter of life and death?

Can you commit to that, to providing this committee with data disaggregated by congressional district on COVID-19 related deaths, positive tests, and quarantines of postal workers by Friday?

DEJOY:

I will look into our ability to provide that to--to the Congress. And if it's available, we'll certainly do it. I don't--

PRESSLEY:

It would certainly be in keeping with the oath that you took and what you have offered here so I--I look forward to receiving that by Friday.

Now a few days ago before the Senate you said the delays in delivery are attributable to quote unquote employee of availability in many, many parts of the country so isn't it true that pursuing a hiring freeze in early retirement when your workforce is already stretched thin by coronavirus would exacerbate delays in the mail? Yes or no?

DEJOY:

Pursuing a hiring freeze has--did not have anything to do with the (INAUDIBLE)--

PRESSLEY:

Yes or no--your work forces already--

DEJOY:

No, no, no, no, no.

PRESSLEY:

Mr. Duncan, were you aware when you selected--where is Mr. Duncan?

DEJOY:

He's not here.

PRESSLEY:

Okay. Here you go. Okay. Mr. Duncan?

DUNCAN:

Yes, congresswoman.

PRESSLEY:

I was just looking to direct myself, okay. Were you aware when you selected Mr. DeJoy that his company New Breed Logistics was determined by the National Labor Relations Board to have acted with antiunion animus, yes or no?

DUNCAN:

No.

PRESSLEY:

Were you aware that the equal opportunity commission one a \$1.5 million lawsuit against new breed for sexual harassment and retaliation, yes or no?

DUNCAN:

No.

PRESSLEY:

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Were you aware that for women working for new breed suffered miscarriages because the company refused to accommodate their request for light duty? Yes or no?

DUNCAN:

No.

PRESSLEY:

Did you make any attempt to investigate these labor and employment practices before making him the head of one of the largest and most diverse federal workforce is if not why not?

DUNCAN:

Yes, we have various background checks. Russell Reynolds hired a DC firm to do an additional background check on him. We worked with--

PRESSLEY:

Well, I question--I question the integrity of that background check if you don't have the answer to these questions and Mr. DeJoy the hard-working people of the United States--

COMER:

Time has expired. Madam Chair?

PRESSLEY:

--Postal Service deserve a better leader in my opinion--

COMER:

Madam Chair?

PRESSLEY:

--the only thing you should be delivering is your resignation.

MALONEY:

ARMSTRONG:

Thank you madame chair. I am the last one on our side that gets to go so I am going to ask probably the most important question of the day. We passed \$25 billion from the U.S. House of Representatives yesterday and if you don't get that money that we passed on Saturday will the post office be fully operational on November 3?

DEJOY:

Yes, we will be fully operational.

ARMSTRONG:

Thank you. I sat right there in that chair on April 2019 the last time that we had a hearing on the post office and postal reforms and we list and for a day as we heard about the systemic problems, all of the consequences, the years long of losing money and all of the strategic disadvantages that exist in the post office and something happened.

The witness in that--the witness in your seat at that time managed to do something which is unique in this committee and she drew equal opportunity criticism from both sides of the aisle. Now just to be clear you weren't the Postmaster General in April 2019.

DEJOY:

No, I was not.

ARMSTRONG:

I was on a telephone (INAUDIBLE)--briefing in April 2020 when we heard about the impacts of COVID from overtime to your postal workers contracting the disease and where the Democrats of this committee absolutely said that we needed \$25 billion or the whole postal office wouldn't exist and I do want to say I'm sorry for the 83 people who have died and all of the people in your organization that have been sick. I didn't agree with it then and I don't agree with it now but to be clear and you weren't the postmaster general in April 2019 were you?

DEJOY:

No, sir, I wasn't.

ARMSTRONG:

I would ask unanimous consent to submit the memorandum from April 2019 or 2000 (INAUDIBLE)--

MALONEY:

Without objection.

ARMSTRONG:

So then way go to ask what this is about and what it's about is driving fear, placing blame and probably most significantly raising money but it's not about raising money for the post office it's about raising money for elections and I have here (INAUDIBLE), DMC, members of Congress, members of Senate all running ads on the post office. Do you know what, about saving the post office. None of these ran in 2019, none of these ran in April 2020. So we are asking for the same thing we ask for in April 2020 and we have waited until August to run these things.

In fact, your organization had to issue a cease-and-desist to MoveOn.org did they not?

DEJOY:

I am not aware. I think I heard something about that.

ARMSTRONG:

I am going to ask unanimous consent to issue the post office record on a cease and desist and MoveOn.org.

MALONEY:

Without objection.

ARMSTRONG:

I love your organization. I love your carriers. I love your rural carriers. I was the only Republican on this committee to cosponsor the pre-funding bill on the pension. Best thing I have heard you say all day as you are committed to six-day mail because maybe one of the reasons we are not as disproportionately impacted in North Dakota is because we have been going through this for a long time.

So that is the best thing I have heard all day long but I do have a couple of questions and you have talked about making sure the elections and doing all of that but some of this is based on--I mean you are talking about boats as they come in throughout the system, right? So North Dakota 23 percent of their votes is typically absentee ballot, Ohio pretty important states 21 percent of their balances typically absentee, Wisconsin 28 percent. Now I don't think it's beyond the realm of possibility that those numbers get to 60 percent this election cycle. Would you agree with that?

DEJOY:

They are going to be a great deal higher.

ARMSTRONG:

But you cannot deliver a ballot unless it is requested? If a voter doesn't requested the post office can't send it?

DEJOY:

That is true but in cases where they--I--I don't know the particular state rules but (INAUDIBLE)--

ARMSTRONG:

And that is what I am getting too so if the ballots tracked throughout the course of this in a normal array that works but Wisconsin doesn't require you to request a ballot until October 29 and they are required to do back on 11 three--on 11 three. The difference between 28 percent and 60 percent is about 2.9 billion ballots, Ohio the difference between 21 percent and 60 percent is about 2.1 million ballots and they don't require you to request one until October 31, and it is due back on the second.

North Dakota, might state who got one of these letters doesn't require you to postmark your ballot until 11 to for the election and the difference between 23 percent and 60 percent would be 126,327

ballots. So my question for you is how are we going to deal--I mean how do you possibly deal with different capacity issues as it exists they are?

DEJOY:

Sir, the--the capacity to handle is not really going to be the issue. The issue is going to be as with the dates that you identify as we get closer we could have we have had situations where when the ballots come in on the same day the turnaround time is so slow that we need to really scour and look amongst all of the other 450 million pieces of mail to find--find balance and make sure they--they get delivered and postmarked and the problem comes in once we do that we get it over to the state election board sanded is what they decide to do with the timing and everything with the ballot that is whether the ballot gets counted or not.

ARMSTRONG:

And then I just have one last question that actually doesn't relate to elections or anything but you have seen an increase in packages volume at the United Postal Service since the pandemic began and we have seen the decrease in first-class mail over the course of time. Our law firm went from \$30,000 a year 20 but is there--are you looking into because you are making more of a profit on packages that you may be prioritizing packages versus first-class mail?

DEJOY:

There is no--there is a lot of judgment used in each location and one of the things I'm trying to get my--my hands around but the general intent is what comes in comes out according to its class, right? So if it's a first-class package it would move ahead. So there's no specific direction to--to--you know to do anything and I appreciate your support on the six day a week delivery. I think there are many, many ideas we are working internally right now to help really connect with the American people and the new economy and grow - may grow some revenue and achieve sustainability. So thank you.

ARMSTRONG:

Thank you.

MALONEY:

The gentleman's time has expired. Congresswoman Tlaib you are now recognized.

TLAIB:

Thank you so much, Madam Chair. Welcome to the people's House, Postmaster General DeJoy. My residents and I don't have a tremendous amount of time so I really would appreciate straightforward answers to the questions I have. As a lawyer Mr. DeJoy I believe that it is incredibly important that all of the citizens especially public servants leading major federal agencies are fully aware of and understand fully the law--

TLAIB:

(INAUDIBLE) --do you agree, yes or no?

DEJOY:

Yes.

TLAIB:

Good. Then as an educational exercise and to ensure everyone here is clear on the law, I'd like to start by paraphrasing 18 U.S. code clause 1701, which says whoever knowingly and willfully obstructs the passage of mail shall be fined under this title or imprisoned not more than six months or both. I recommend that you and your lawyers familiarize yourself with this passage in particular but as well as 18 U.S. code clauses 595 and 610.

So Mr. DeJoy, let's look at how you came to work for the impeached president. Before this role, you have never worked in the federal government as a public servant, correct?

DEJOY:

That's correct.

TLAIB:

So clearly, you were not hired for your experience or a deep understanding of the federal government. So let's see what experience you do have. Your resume, so to speak. Before becoming the postmaster general, you were, for a time, deputy national fund-raising chairman for the GOP. And since 2016,

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you've donated approximately \$1.2 million to this impeached president's campaign and groups that support him.

On June 24th, 2020, you bought between \$50,000 and \$100,000 in what you referred to as "Covered calls" in the Amazon Corporation. But let's be very clear, Mr. DeJoy, no matter what financial maneuvering you performed to try to hide it, the fact is that you have a financial interest in Amazon. So Mr. DeJoy, yes or no, are you aware that Amazon uses that U.S. Postal Service for 40 percent of its shipping?

DEJOY:

I'm--I disagree with the premise that I bought stock--

TLAIB:

--Yes, well do you--do you know that it's 40 percent of its shipping?

DEJOY:

I know that it does a lot of shipping with us, yes.

TLAIB:

Okay. And I understand that your Amazon covered calls expires in about October of this year, so you'll have to make a decision regarding this financial interest and may potentially have sensitive information about Amazon's business with the U.S. Postal Service, which may influence that decision. This appears to be a classic example of conflict of interest insider trading. Yes or no, will you commit right now to dye vest any and all financial interests in Amazon to avoid illegal insider trading?

DEJOY:

Ma'am, that was a lot of time on an issue that doesn't matter. I don't own any Amazon stock.

TLAIB:

And you have financial interest. You can call it whatever you want call Mr. DeJoy.

DEJOY:

TLAIB:

--And it is a financial interest.

DEJOY:

You can continue to--

TLAIB:

--Until you do that, your financial interest in Amazon will continue to be problematic and illegal and a conflict of interest. Regarding this matter, you have a simple choice, Mr. DeJoy. You can either resign or it divest in that interest. It is very clear that you have vested interest in seeing the president remain in office and your financial interest in Amazon demonstrates a clear conflict of interest that would be gravely concerning even if you weren't in the process of dismantling the Postal Service, which you are.

And I've heard from a number of carriers, a number of people in my Postal Service that completely conflict with what you're saying to us in this committee. Over the past few weeks, I've heard from folks that have said that not only are significant delays from changes you've made, but some of my (INAUDIBLE) critical medications, again, due to delays based on your actions.

I'd like to remind you that unlike in the private sector, Mr. DeJoy, where you served your own self-interest, your job as post general--Postmaster General is not to serve your own profit schemes on the taxpayers dime. You are to serve the United States Postal Service, its workers, and the American people.

This impeached president, Mr. DeJoy, you have to realize has a track record of employing crooks who end up in a lot of trouble for their illegal activities, Mr. DeJoy. Rick Gates, Paul Manafort, Mike Flynn, Michael Cohen, Roger Stone, Steve Bannon.

With all due respect, you are not in good company right now. So do the right thing and resign. And I thank the Madam Chair for bringing this to our attention. And please, on behalf of the 13th Congressional District, all we want is for our folks to have access to a qualified postmaster general that understands the importance of medication, understands that workers need protection at the

workplace, and that we're going to actually get mail delivered on time because what we hear on the streets, Mr. DeJoy, is completely the opposite of what you're saying to us.

And you've done so much damage in just short a period of time that you've been there. And I do believe there is a conflict of interest and you need to understand there are legal consequences to that. Thank you, Madam Chair.

MALONEY:

The gentle ladies time has expired. Congresswoman Porter, you are now recognized. Congresswoman Porter.

PORTER:

Mr. DeJoy, thank you for being with us today. What is the cost of a first class postage stamp?

DEJOY:

\$0.55.

PORTER:

Just wanted to check. What about to mail a postcard?

DEJOY:

I don't--I don't know, man.

PORTER:

You don't know the cost to mail a postcard?

DEJOY:

I don't.

PORTER:

What if I want to mail a--you said \$0.55 for a first class stamp, but what if it's like one of those greeting cards that said square envelope, then what is the postage?

DEJOY:

I'll submit that I know very little about a postage stamp.

PORTER:

The--what is the weight limit--you are more than a shipping logistics business. What's the weight limit for priority mail?

DEJOY:

Seventy pounds.

PORTER:

And what is the starting rate for U.S. Post Office--USPS Priority Mail?

DEJOY:

Starting rate for what?

PORTER:

USPS Priority Mail.

DEJOY:

Starting weight. Fourteen ounces.

PORTER:

No, the rate. The price.

DEJOY:

I don't know. I don't know.

PORTER:

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Do you know about, within a million or so, can you tell me how many people voted by mail in the last presidential election?

DEJOY:

No, I cannot.

PORTER:

To the nearest 10 million?

DEJOY:

I would be--

PORTER:

--Is that a no, Mr. DeJoy--

DEJOY:

--I would be guessing, and I don't want to guess.

PORTER:

Okay. So Mr. DeJoy, I am concerned. I'm glad you know the price of a stamp, but I'm concerned about your understanding of this agency and I'm particularly concerned about it because you started taking very decisive action when he became postmaster general. You started directing the unplugging and destroying of machines, changing of employee procedures, and blocking of collection boxes.

As a professor, I've always told my students that one of the most important rules in life is to read the instructions. Did you actually read and independently analyzed four major overhaul plans before you ordered them to take effect?

DEJOY:

Again, I will repeat that I did not order major overhaul plans. The items you've identified were not directed by me. I did, and you don't need much analysis--

PORTER:

--Reclaiming my time, Mr. DeJoy--

DEJOY:

--To run your trucks to a schedule--

PORTER:

--Reclaiming my time, Mr. DeJoy, could you tell me please tell me who did order these changes if U.S. Postmaster General did not? Because these changes have resulted again, and you have said yourself in this hearing--

DEJOY:

--The Postal Service has been around for 250 years. There are plans, there are many, many executives, almost 30,000 executives within the organization--

PORTER:

-Reclaiming my time. Mr. DeJoy--

DEJOY:

--And there are plans that existed prior to my arrival that will continue that were implemented--

PORTER:

Reclaiming my time, please. Mr. DeJoy, if you did not order these actions to be taken, please tell the committee the name of who did.

DEJOY:

I do not know.

PORTER:

Mr. DeJoy, did you analyze these plans before they went into effect? U.S. Postal master generals supervise whomever did apparently (INAUDIBLE)--

DEJOY:

--As I've stated numerous times, the plans weren't in effect and being implemented before I arrived.

PORTER:

But Mr. DeJoy, do you take responsibility for these changes?

DEJOY:

I take responsibility from the day I sat in the seat for any service deterioration it has--has occurred.

You was asking about--you're asking about operational changes that go on--

PORTER:

--Reclaiming my time--

DEJOY:

--Throughout the whole organization around the--around the country. I don't

PORTER:

Mr. DeJoy, I'm reclaiming my time, sir. Mr. DeJoy, will you commit to reversing these changes?

DEJOY:

No.

PORTER:

Mr. DeJoy, will you commit to--if the independent--I want to switch to conflicts of interest quickly.

Will you commit that if the Inspector General finds that you committed misconduct with regards to your financial interests in any other company, such as XPO Logistics or Amazon, will you commit, if the Inspector General finds that you committed misconduct, will you commit to then resigning?

DEJOY:

I don't believe they will find misconduct, but I don't see why I would commit here right now to resigning for any reason.

PORTER:

You don't think there's any reason that you should ever resign?

DEJOY:

No reason that I've heard here today.

PORTER:

Okay. Mr. DeJoy, do you today, because this has been--you've gone back and forth a bit--I want to ask one final question. Do you own any financial interest, whether options or stocks, covered calls, do you own today any financial interest in Amazon?

DEJOY:

I do not.

MALONEY:

The gen--the gentlelady's time is expired. The gentleman may answer the question in more detail if he wishes.

The chair now recognizes the vice--vice chair, Congressman Gomez, for the purpose of a unanimous--unanimous consent request.

GOMEZ:

Madam Chair, I'm asking unanimous consent to enter into the record the transcript of Mr. DeJoy's testimony in the Senate on August 21st, where he specifically says, senator, I will go and--go back and get the truck schedule--the analysis that designed a truck schedule that I directed.

MALONEY:

Without--without objection. The chair now recognizes Congressman Quigley. You are now recognized, Congressman Quigley.

QUIGLEY:

Thank you, Madam Chair. Thank you, sir, for being so patient. I too am not accustomed this long into being at the end of the questioning, but it does afford us an opportunity to try to put this in the larger picture.

You know, one sign--one side says blame it. The other side says accountability. And doing what you did in the private sector, you recognize accountability. Appreciate the fact that it would be hard to sense that you are accepting it now. You've accepted the responsibility for the delays, but we're still not clear what exactly--what changes took place and what were yours.

Under Ms. Lawrence's questioning, you said you stopped the pilot program when you stopped everything else. Let me ask you, what in your mind were you stopping besides the pilot program?

DEJOY:

I stopped the removal of collection boxes around the country. I stopped the low--the--the--the process of reducing hours at postal retail centers. And I stopped the removal of the flat and mail sortation boxes--machines.

QUIGLEY:

So, your argument for doing that is that you saw that--your argument for doing that was that it wasn't working, or--

DEJOY:

--I--no. They were proceed--it--it just--I--I met with the--with the--with the speaker and Senator Schumer. And we just collectively thought about the heightened discussion that was going on around the nation and for--

QUIGLEY:

--And respectfully, sir, why that and not be over time issues and--and not the sorting machines?

DEJOY:

I mean, they were--

QUIGLEY:

Given the fact that things didn't go well, wouldn't you want to look back, coming from the private sector, and say, gee, maybe that is impacting us negatively, was there some other reason you're thinking, well, no, I'm not going to change those?

DEJOY:

Not change the truck schedule and the--

QUIGLEY:

--The overtime, the sorting machines.

DEJOY:

Overtime--the--I have spent the \$700 million in--we have spent \$700 million--

QUIGLEY:

--You recognize that there are many, including in my district, post office locations which are cutting back on overtime. They're following somebody's order, and--and you won't mention who that is. So, back to accountability. You gotta admit you own it, right?

DEJOY:

How do you know that they're cutting back on overtime?

QUIGLEY:

Well, imagine--well, let me--let me put it another way. Are you certain that they're not cutting back on overtime?

DEJOY:

The--the direction was given to stop cut--to cut back--to stop cutting back on overtime in--in--in postal retail centers.

QUIGLEY:

DEJOY:

So, am I certain, I--I haven't done an audit yet, but I'm--I--I would believe they're pretty compliant.

QUIGLEY:

Wait. When was that order given? Was that part of the order you just talked about?

DEJOY:

I don't know what you're asking me.

QUIGLEY:

Are--are you saying when you--when you'd stopped everything else, it included the overtime issue as well?

DEJOY:

There was--there was--I've--there was no directive to reduce overtime anywhere within the organization. Overtime--

QUIGLEY:

--And are you certain that no one was cutting back on overtime?

DEJOY:

No, I'm not certain. That's part of the problem at the Postal Service, sir. That's what I'm trying to get my hands around. There is a lot of--and that's why I did the reorganization. There was a lot of judgment--

QUIGLEY:

--Respectfully, you can imagine though that--

DEJOY:

QUIGLEY:

--You're taking--

DEJOY:

--In local areas that is not a normal--

QUIGLEY:

--You're being selective on what you taking credit for or not. And a cynical person could say you're just trying to avoid going before the regulatory body, because these are the changes. But when your own-- as you say, you're a Republican.

When your own party says did you stop these changes, you said yes. And in your documents, you talk about the fact that there were changes. You--you can't--you can't have it both ways. There were changes. You seem to have a line there that you don't want to have because it means you have to go before the regulatory board, and you don't want to do that.

DEJOY:

It sounds like a weak--

QUIGLEY:

--Sounds like what happened.

DEJOY:

Sounds like a weak theory to me.

QUIGLEY:

Did anyone in the administration--have you communicated with anyone in the administration since you were considered for this spot about how to operate USPS?

DEJOY:

QUIGLEY:

No one has communicated with you who works in any way with the Trump administration, and you haven't communicated in any way with anyone who works in the Trump administration or the Trump campaign about how to operate post office?

DEJOY:

I--the only time I communicated with someone in the Trump administration was Secretary Mnuchin when we were negotiating the--the--the terms of the \$10 billion note. In my discussion in generality--that was early on in my arrival and in generalities were that I--you know, I think that we have some opportunities here. I'm looking to try and grow revenue, improve service, and get some costs out. That--

QUIGLEY:

--And what was the direction the other way?

DEJOY:

There was no direction. It's my--the Postal Service is mine to run. There was no direction. But--

QUIGLEY:

--My time is expired.

MALONEY:

Your time is expired.

Before--before we adjourn, I really want to thank you very much for your time. You've been here all day.

And--oh, wait a minute. Is--is she here? She's virtual. Okay. I--I saw earlier. There's one more member of Congress who has waved on from the great state of North Carolina. It's Alma Adams. She was here but she is now virtual. Alma Adams, you are now recognized. Alma Adams, are you--I assume she's not here with us now. Is she around or not? It doesn't appear that she's here now.

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But before we adjourn, I have a few items that I'd like to wrap up with the witness. And also, I would like to grant Ranking Member Comer all the time that he may want to consume. And he will get that opportunity once I am finished. I'll move through this quickly in the interest of time.

She is here? She--is she remote? So, she is--she is getting on. My apologies to you, Mr. DeJoy. Congresswoman Adams, you are now recognized. Congresswoman Adams, can you unmute yourself?

UNKNOWN:
(OFF-MIC)

MALONEY:
Take out what? Okay.

COMER:
Mr. DeJoy, you may want to hire the Democrat's computer guy to help deliver the mail on time.

MALONEY:
I--I apologize for--for the delay. We were trying to accommodate really (INAUDIBLE) from your home state North Carolina who wanted to question you. So Mr. DeJoy on--on Friday Senator Peters ask you if you had discussed the changes to postal operations with President Trump, Mark Meadows, anyone else at the White House and/or anyone in the campaign and you said no.

I believe that Mark Meadows has accompanied you to meetings on Capitol Hill and for the record do you stand by your statement that you have had no conversations with Mark Meadows about any changes in postal operations?

DEJOY:
I'm trying to remember the answer that--that I gave. Mark Meadows accompanied Stephen Mnuchin and myself and Senator Schumer and Speaker Pelosi we were in the room and then we started talking about machines and I mean from the standpoint of that conversation they are Mark Meadows was they are after I left we--we shut the thing and then we had a discussion about when we made the decision here at the Postal Service to stop--you know stop the processes with regard to the sorting machines and so forth. I can't remember when I spoke to him about that but I was speaking to--I

called the speaker, I called Senator Schumer. I think we reached out to your office so that particular process we spoke about the stopping that we are doing.

With regard to my change changes with regard to the organization and with regard to the truck schedule I didn't speak to anybody about that.

MALONEY:

Okay. Have you spoken to anyone else at the White House at any time about changes to postal operations?

DEJOY:

No, ma'am, I haven't.

MALONEY:

Okay. So if you didn't consult--if you didn't consult with these people or should we go to Alma Adams she is now ready to talk? Alma? Alma Adams, should we now go to Alma? Alma, you are now recognized. I apologize. Alma Adams you are recognized.

ADAMS:

Madam Chair can you hear me?

MALONEY:

Yes, we can hear you and we can see you.

ADAMS:

Well, thank you very much and I apologize there some issue on this side but thank you for convening the hearing, thank you Mr. DeJoy for being here today. I want you to know that my office sir has received almost 5000 calls and emails asking Congress to save the Postal Service. As a matter of fact the people love the Postal Service.

They rate the Postal Service over 91 percent, more than any candidate I know. Now I don't live in the country but I have represented Guilford County for about 50 years and I am representing the 12th

District of Charlotte now but the folks I represent can't afford their medication to come late, they can't afford for their ballots to come late and they can't afford for their voices to be silenced.

They need the U.S. Postal Service and let's be clear you have been charged with running a Postal Service Mr. DeJoy and not business but I have got a photo of my post office and Charlotte Mr. Joy bless your heart are you getting your mail on time sir?

DEJOY:

I--I do not know.

ADAMS:

Okay. Well I heard you say in your opening that you did not direct the removal of sorting machines and postal collection boxes and you indicated you didn't know who was or who was doing that but since you are in charge I think it would be helpful with all of the questions that have been asked for us to know that but since I am mentioning this blue box thing in my district here the boxes have been covered with trash bags. I don't understand that and I don't know if you know anything about it but do you?

DEJOY:

(INAUDIBLE)

ADAMS:

And there's a photo of it.

DEJOY:

I do not know anything about it.

ADAMS:

Well, it's in the post office that I go to and it is the main post office and if you can find out I would appreciate that.

DEJOY:

ADAMS:

I did visit the center yesterday, the (INAUDIBLE) posting distribution center on Friday and I was told that the USPS senior management said that you don't foresee having any influx of election mail going into the election of November 3. Is that--is that correct?

DEJOY:

I--I didn't hear the question.

ADAMS:

In other words you are not going to have an influx of the election mail going into November is that correct?

DEJOY:

I don't know how--I don't know how anybody would say that. I think as we move to the election we will have election mail and we will be able to handle it.

ADAMS:

Well, seven machines are missing have been removed from Charlotte and we have a demand in North Carolina of almost 400,000 people requesting their mail-in ballots, in my district 53,000 so do you know about the sorting machines that are missing in my district?

DEJOY:

I--I do not know specifically about sorting machines missing in your district.

ADAMS:

All right. You have also said that because you didn't have anything to do with that and you came on and you accepted what was here so are you do you think you can be helpful and at least putting things back? I know you said that's not something you wanted to do but considering all of the testimony today, all of the stress that citizens are going through not getting their mail, not getting their

medications things getting spoiled, insulin, those kinds of things, do you think you could have a second thought about that Mr. DeJoy?

DEJOY:

First off we as I said we are all concerned about each delivery. I--my--my goal right now is to have these truck trips filled with mail and we are seeing a great deal of improvement and I'm only we will be with regard to the transportation we will be in much better shape over the next week.

ADAMS:

Okay let me--let me--let me--let me stop you right here because I don't want to know about that part. I wanted to know if you have any second thoughts I certainly hope that you would. So let me ask you about on August 18 you announced an expansion of the Postal Service Leadership Task Force, on the 21st the Board of Elections announced the bipartisan mail committee. Is this initiative different from the task force that you announced on the 18th Mr. DeJoy?

DEJOY:

No, we so to be clear we had a task force, there was a task force at the Postal Service before I arrived, after review I expanded the task force to include--include the union leadership and then the board we had a board meeting decided just to show the connectivity of the board to the management team through those 650,000 workers that we all represent the American public that we are all together guaranteeing that we would have a safe and secure election.

ADAMS:

Reclaiming my time for a moment (INAUDIBLE)--

MALONEY:

Congresswoman your time has expired. Congresswoman your time has expired.

ADAMS:

Okay.

I--I will allow Mr. DeJoy to elaborate more if you would like that your time is expired.

ADAMS:

I--I just wanted to know if he would allow (INAUDIBLE) the ranking member two of point day Stafford to participate at least as an observer on this committee.

MALONEY:

Well, I'm going to let him reply in writing because our time has expired right now.

DEJOY:

(INAUDIBLE).

MALONEY:

But I think that's a good request and I am sure he will give it good consideration. Now Mr. DeJoy so if you did not consult with these people's about the operational changes we are also interested in who you did consult with before making these changes.

The unions have raised concerns that they were not adequately consulted for example so my question is will you provide this committee with a complete list of the people you did consult with about the changes, people inside the Postal Service, at other agencies and any outside parties in the government or in the private sector. Will you provide us with that complete list?

DEJOY:

Ma'am, the extent--I can tell you right now I discussed this with all of the vice presidents and the COO of the existing management team when I arrived and the VPs around the area. There is no big complex problem-solving that is necessary to try and get your trucks to run on a schedule that's designed to take the mail from the processing plant to the delivery unit so it gets on time.

So that--that was basically it. I had an OIG audit that was delivered to me that you have access to. It will--it will show you the damage that was being done to the organization by not running truck trips on time. And I asked the management team, probably 7--10 vice president to put together a plan to run

That's the extent of the--of the analysis.

MALONEY:

So I'm going to ask you again for the people you consulted with.

DEJOY:

That was it.

MALONEY:

I ask it voluntarily but--and I'd like it in writing. But if you refuse, then we will be forced to consider obtaining it by a subpoena.

DEJOY:

Okay.

MALONEY:

Mr. Duncan, I would now like to turn to you. Mr. Duncan, are you still with us? Mr. Duncan?

DUNCAN:

Yes. Yes, congresswoman.

MALONEY:

Thank you. Thank you. On Friday, senator Rosen asked Mr. DeJoy to provide the string transcripts 4 minutes of any closed nonpublic board meetings from this year and Mr. DeJoy said he did not have the authority to do that. But you're the chairman of the board. Will you commit to providing this committee with the transcripts or minutes of any closed nonpublic board meetings from this year, including, in particular the emergency meeting you just held?

DUNCAN:

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Madam Chairwoman. I commit that I will work with our council to provide everything legally possible for the committee.

MALONEY:

Well, that's great, but if you have any other lingering concerns if the council may not provide all the information, would a friendly subpoena help?

DUNCAN:

I think we can work this out. The minutes or something that we have available to us.

MALONEY:

Well, I thank both of you for testifying. It's been a long day. Thank you very much and I now recognize the distinguished ranking member for as much time as he may consume for his final thoughts and words.

COMER:

Thank you, Madam Chair. I'll be brief. I'd like to 1st begin by asking unanimous consent to submit for the record this Politico article that just came out basically saying that this committee hearing was a waste of time.

Next, postmaster general the joy, I wanted to thank you for being here today, for spending this much time. I also wanted to thank you for taking the job. You know, when we have hearings like this as we've seen, unfortunately, in this committee for the last year and a half, it's going to get harder and harder for good people like you to come from the private sector to--to put your name on the line to try to make government more efficient, which is supposed to be the role of this committee.

You know, I don't know what was more disturbing for me to watch today listening to Democrats who have never owned a business much less a logistics business try to tell you how to deliver anything quicker or listen to a couple of those Democrats struggled with what a covered call actually was. But nevertheless, today's hearing did serve to confirm our suspicions of Democrats motives for this whole hearing and the bill that they passed on Saturday. Our suspicion all along was that it was politically motivated.

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As we've seen with the picture that I showed of Representative DeFazio, obviously a photo on to try to get more tweets and likes and to fire up their base who's not fired up about their presidential candidate, apparently. It's also an opportunity to raise money as we saw with representative Armstrong with his mountains of evidence where members of the Democrat Party are fund raising off the post office.

Our suspicion was that the majority had little more than conspiracy--conspiracy theories and baseless, frankly irresponsible charges to make against you. And we've seen that. And our suspicion was that the Democrats have no interest in doing anything to address the real issues that affect the Postal Service. We heard that today. They provided the Postal Service \$25 billion because "it's a worthwhile institution."

I agree it's worthwhile. Indeed, vital. But it is unsustainable unless we help implement reforms. Mr. DeJoy has made it clear the steps he has taken since becoming postmaster general are good faith attempts to improve his organization. I would love to say that all the time we've spent over the past several days has moved the needle and a positive way. I'm not sure I can. But hopefully the time Republicans have spent talking about the real issues will provide momentum to lead to something positive. Hopefully the time Republicans have spent shining the light on partisan Democrats Democratic attacks have helped Americans help Americans understand the real situation.

If the majority he's serious about fixing the longstanding financial and operational challenges, then we stand ready to work together. And to do that, Congress needs to have a working relationship with the Postal Service. This week has been the opposite of a partnership and I fear has done long-term damage to the nation's trust in one of its most esteemed, important, and citizen serving federal entities. And I also fear that Democrats conspiracy theories have risked Americans faith in the elections in a way the Russians and Chinese could only dream of.

There is no way the process we have followed can produce results that will help the post office be better and serve all Americans. We can do better and I hope to work with my colleagues to ensure the post office is around for decades and centuries to come. Thank you, Madam Chairman, and I yield back.

MALONEY:

Thank the gentleman. And in closing, I wanted to thank our witnesses for their testimony and I want to commend all of my colleagues for participating in this important conversation. With that and without objection, letters from organizations and support of the bipartisan legislation passed by the House on Saturday shall be part of the hearing record along with articles and letters from across the country depicting the effects of the delays on veterans, the elderly, the chronically ill, small businesses, farmers, and ordinary Americans who depend on that mail to be delivered.

Without objection, all members will have five legislative days within which to submit additional written questions for the witnesses to the chair, which will be forwarded to the witnesses for their response. And I asked our witnesses to respond as promptly as you are able. This hearing is adjourned. Thank you.

List of Panel Members and Witnesses

PANEL MEMBERS:

REP. CAROLYN B. MALONEY (D-N.Y.), CHAIRWOMAN

DEL. ELEANOR HOLMES NORTON (D-D.C.)

REP. WILLIAM LACY CLAY (D-MO.)

REP. STEPHEN F. LYNCH (D-MASS.)

REP. JIM COOPER (D-TENN.)

REP. GERALD E. CONNOLLY (D-VA.)

REP. RAJA KRISHNAMOORTHY (D-ILL.)

REP. JAMIE RASKIN (D-MD.)

REP. HARLEY ROUDA (D-CALIF.)

REP. RO KHANNA (D-CALIF.)

REP. KWEISI MFUME (D-MD.)

REP. DEBBIE WASSERMAN SCHULTZ (D-FLA.)

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REP. JACKIE SPEIER (D-CALIF.)

REP. ROBIN KELLY (D-ILL.)

REP. MARK DESAULNIER (D-CALIF.)

REP. BRENDA LAWRENCE (D-MICH.)

DEL. STACEY PLASKETT (D-V.I.)

REP. JIMMY GOMEZ (D-CALIF.)

REP. ALEXANDRIA OCASIO-CORTEZ (D-N.Y.)

REP. AYANNA S. PRESSLEY (D-MASS.)

REP. RASHIDA TLAIB (D-MICH.)

REP. KATIE PORTER (D-CALIF.)

REP. MIKE QUIGLEY (D-ILL.)

REP. ALMA ADAMS (D-N.C.)

REP. JAMES R. COMER (R-KY.), RANKING MEMBER

REP. JIM JORDAN (R-OHIO)

REP. PAUL GOSAR (R-ARIZ.)

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REP. GARY PALMER (R-ALA.)

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REP. RALPH NORMAN (R-S.C.)

REP. CHIP ROY (R-TEXAS)

REP. CAROL MILLER (R-W.VA.)

REP. MARK E. GREEN (R-TENN.)

REP. KELLY ARMSTRONG (R-N.D.)

REP. GREG STEUBE (R-FLA.)

REP. FRED KELLER (R-PA.)

REP. MARK WALKER (R-N.C.)

WITNESSES:

UNITED STATES POSTAL SERVICE POSTMASTER GENERAL LOUIS DEJOY

UNITED STATES POSTAL SERVICE BOARD OF GOVERNORS CHAIRMAN ROBERT DUNCAN

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EXHIBIT 15

THOMAS J. MARSHALL
GENERAL COUNSEL
AND EXECUTIVE VICE PRESIDENT



July 29, 2020

Honorable John Thurston
Arkansas Secretary of State
500 Woodlane Street
Suite 12
Little Rock, AR 72201-1012

Dear Secretary Thurston:

Re: Deadlines for Mailing Ballots

With the 2020 General Election rapidly approaching, this letter follows up on my letter dated May 29, 2020, which I sent to election officials throughout the country. That letter highlighted some key aspects of the Postal Service's delivery processes. The purpose of this letter is to focus specifically on the deadlines for requesting and casting ballots by mail. In particular, we wanted to note that, under our reading of Arkansas's election laws, certain deadlines for requesting and casting mail-in ballots are incongruous with the Postal Service's delivery standards. This mismatch creates a risk that ballots requested near the deadline under state law will not be returned by mail in time to be counted under your laws as we understand them.

As I stated in my May 29 letter, the two main classes of mail that are used for ballots are First-Class Mail and USPS Marketing Mail, the latter of which includes the Nonprofit postage rate. Voters must use First-Class Mail (or an expedited level of service) to mail their ballots and ballot requests, while state or local election officials may generally use either First-Class Mail or Marketing Mail to mail blank ballots to voters. While the specific transit times for either class of mail cannot be guaranteed, and depend on factors such as a given mailpiece's place of origin and destination, most domestic First-Class Mail is delivered 2-5 days after it is received by the Postal Service, and most domestic Marketing Mail is delivered 3-10 days after it is received.

To account for these delivery standards and to allow for contingencies (e.g., weather issues or unforeseen events), the Postal Service strongly recommends adhering to the following timeframe when using the mail to transmit ballots to domestic voters:

- **Ballot requests:** Where voters will both receive and send a ballot by mail, voters should submit their ballot request early enough so that it is received by their election officials at least 15 days before Election Day at a minimum, and preferably long before that time.
- **Mailing blank ballots to voters:** In responding to a ballot request, election officials should consider that the ballot needs to be in the hands of the voter so that he or she has adequate time to complete it and put it back in the mail stream so that it can be processed and delivered by the applicable deadline. Accordingly, the Postal Service recommends that election officials use First-Class Mail to transmit blank ballots and allow 1 week for delivery to voters. Using Marketing Mail will result in slower delivery times and will increase the risk that voters will not receive their ballots in time to return them by mail.

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- **Mailing completed ballots to election officials:** To allow enough time for ballots to be returned to election officials, domestic voters should generally mail their completed ballots at least one week before the state's due date. So, if state law requires ballots to be returned by Election Day, voters should mail their ballots no later than Tuesday, October 27.

Under our reading of your state's election laws, as in effect on July 27, 2020, certain state-law requirements and deadlines appear to be incompatible with the Postal Service's delivery standards and the recommended timeframe noted above. As a result, to the extent that the mail is used to transmit ballots to and from voters, there is a significant risk that, at least in certain circumstances, ballots may be requested in a manner that is consistent with your election rules and returned promptly, and yet not be returned in time to be counted.

Specifically, it appears that a completed ballot must be received by Election Day to be counted. If that understanding is correct, we accordingly recommend, as noted above, that voters who choose to mail their ballots do so no later than Tuesday, October 27. However, it further appears that state law generally permits voters to request a ballot as late as 7 days before the election. If a voter submits a request at or near that deadline, and the ballot is transmitted to the voter by mail, there is a significant risk that the voter will not have sufficient time to complete and mail the completed ballot back to the election official in time for it to arrive by the state's return deadline. That risk is exacerbated by the fact that the law does not appear to impose a time period by which election officials must transmit a ballot to the voter in response to a request.

To be clear, the Postal Service is not purporting to definitively interpret the requirements of your state's election laws, and also is not recommending that such laws be changed to accommodate the Postal Service's delivery standards. By the same token, however, the Postal Service cannot adjust its delivery standards to accommodate the requirements of state election law. For this reason, the Postal Service asks that election officials keep the Postal Service's delivery standards and recommendations in mind when making decisions as to the appropriate means used to send a piece of Election Mail to voters, and when informing voters how to successfully participate in an election where they choose to use the mail. It is particularly important that voters be made aware of the transit times for mail (including mail-in ballots) so that they can make informed decisions about whether and when to (1) request a mail-in ballot, and (2) mail a completed ballot back to election officials.

We remain committed to sustaining the mail as a secure, efficient, and effective means to allow citizens to participate in the electoral process when election officials determine to utilize the mail as a part of their election system. Ensuring that you have an understanding of our operational capabilities and recommended timelines, and can educate voters accordingly, is important to achieving a successful election season. Please reach out to your assigned election mail coordinator to discuss the logistics of your mailings and the services that are available as well as any questions you may have. A list of election mail coordinators may be found on our website at: <https://about.usps.com/election-mail/politicelection-mail-coordinators.pdf>.

We hope the information contained in this letter is helpful, and please let me know if you have any questions or concerns.

Sincerely,

(b)(6); (b)(3):39 USC 410 (c)(2)

Thomas J. Marshall